FROM LABOUR RESERVE TO INVESTMENT OPPORTUNITY: ECONOMIC DEVELOPMENT PLANNING IN THE MBASHE LOCAL MUNICIPAL AREA IN THE EASTERN CAPE

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ABSTRACT

Planning for economic development at the local level has become increasingly important in many countries of the world. South Africa is no exception and has had the local focus entrenched through constitutional provisions for developmental local government. This developmental approach has been intimately linked to, and influenced by, the broader legislative, policy and planning context within which the development challenges of post-Apartheid South Africa have been addressed. It has also been implemented in a context of far-reaching transformation of public institutions aimed, in the final analysis, at the effective functioning of three spheres of government.

In this thesis, the Mbashe Local Municipal area is used as a case study for an examination of the linkages between economic development planning at the local, provincial and national levels. It is not a case study in the sense that an in-depth analysis of practice is undertaken; it is used rather as a lens through which the economic development planning activities of the three spheres of government are viewed. Its value as a lens lies in its location in the former Transkei, which is characterised by high levels of unemployment and poverty and low levels of service infrastructure, and in its status as one of the newly demarcated local municipalities in South Africa. Mbashe is a pilot site of the Promotion of Rural Livelihoods Programme, which has been linked to the Eastern Cape Province's Integrated Sustainable Rural Development Programme. It also includes one of the nodes of the Wild Coast Spatial Development Initiative, which has, since 1998, been promoted as a vehicle for economic development in the former Transkei.

Research comprised extensive documentary research, individual interviews with key role players in the Mbashe Local Municipality, the Promotion of Rural Livelihoods Programme and the Wild Coast Spatial Development Initiative, and a group interview with members of the Local Economic Development Sub-Committee of the Mbashe Local Municipal Council. An attempt was made to understand the complex layers of policy and planning frameworks that guide planning at the national and provincial levels and within which local level economic development is situated, and to explore the responses that have been forged by agents within the Mbashe area. Key in this endeavour has been the initiatives developed under the guidance of the Mbashe Local Economic Development Sub-Committee.

It is argued that the severe resource constraints faced within Mbashe, combined with limited knowledge of and participation in larger planning and resource mobilisation frameworks, lock Local Economic Development within the top-down and investment-led approaches, rather than the more integrated approach that is promoted in terms of legislation and that is required if poverty is to be addressed successfully. The limitations on state fiscal expenditure and the market-led approach to service provision and economic development, implemented in terms of South Africa's macroeconomic framework, combined with limited synchronisation of planning cycles in which integrated development planning at the local level is privileged, leave little scope for endogenous economic development at local level. There is scope for creative engagement with the interlocking local, provincial, national and continental economies by actively shifting resources in support of integrated, endogenous approaches. Such approaches could serve as counter-narratives to the dominance of neoliberalism and allow for the establishment of local economic development practice that addresses the needs of the poor and that builds integrated local economies under the control of democratic institutions. It is only with such a shifting of approach that economic development within Mbashe will shift the structural conditions that lock it into economic dependence and poverty.

TABLE OF CONTENTS

LIST OF TABLES AND FIGURES

ABBREVIATIONS

ANC	African National Congress
ARDRI	Agricultural and Rural Development Research Institute, University of Fort Hare
CC	Conservation Committee
CIMEC	Centre for Investment and Marketing in the Eastern Cape
Comsec	Community Self-Employment Centre
COSATU	Congress of South African Trade Unions
CPA	Communal Property Association
DEAT	Department of Environmental Affairs and Tourism
DTI	Department of Trade and Industry
ECDC	Eastern Cape Development Corporation
ECNC	Eastern Cape Nature Conservation
ECSECC	Eastern Cape Socio-Economic Consultative Council
EU	European Union
GEAR	Growth, Employment and Redistribution: A Macroeconomic Strategy
GNP	Gross National Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HSRC	Human Sciences Research Council

IDP	Integrated Development Plan
IMF	International Monetary Fund
ISER	Institute for Social and Economic Research, Rhodes University
ISRDP	Integrated Sustainable Rural Development Programme
ISRDS	Integrated Sustainable Rural Development Strategy
JMT	Joint Management Trust
LDO	Land Development Objective
LED	Local Economic Development
MEC	Member of the Executive Council
MERG	Macroeconomic Research Group
NEPAD	New Economic Partnership for African Development
NIEP	National Institute for Economic Planning
NLC	National Land Committee
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PMU	Project Management Unit
RDP	Reconstruction and Development Programme
RLCC	Regional Land Claims Commission

RuLiv	Promotion of Rural Livelihoods
SATOUR	South African Tourism
SDI	Spatial Development Initiative
TLC	Transitional Local Council
TRC	Transitional Rural Council
TRIP	Transkei Rapid Impact Programme
WTO	World Trade Organisation

PREFACE

I would like to express my gratitude to all the people that gave of their time and experience to help me gain insight into development planning in the Eastern Cape Province and Mbashe. My main respondents are listed in Section 2.3. My thanks go also to all those who shared documentation with me.

I would also like to thank my supervisor, Prof Fred Hendricks, for encouragement and for thought-provoking comments.

Finally, to my family, Catriona and Liam, thank you for putting up with my long hours. Thank you also, Catriona, for undertaking the final proofreading.

FIGURE 1: Mbashe Local Municipality and Wild Coast SDI in relation to the Eastern Cape Province
Source: Eastern Cape Department of Economic Affairs, Environment & Tourism, 2002

1 BACKGROUND TO THE STUDY

Planning for economic development at the local level has become increasingly important in many countries of the world. South Africa is no exception and has had the local focus entrenched through constitutional provisions for developmental local government. This developmental approach has been intimately linked to, and influenced by, the broader legislative, policy and planning context within which the development challenges of post-Apartheid South Africa have been addressed. It has also been implemented in a context of far-reaching transformation of public institutions aimed, in the final analysis, at the effective functioning of three spheres of government. In this thesis, a case study is utilised to gain insight into the contextual location of local economic development planning.

The case study area is the Mbashe Local Municipal area, which came into being following the reconfiguration of municipal boundaries in South Africa and the first democratic local government elections in South Africa, based on the universal franchise, in November 2000. The Mbashe Local Municipal area falls within the former Transkei, in the Eastern Cape Province, which faces enormous developmental challenges, particularly with regard to poverty alleviation, service provision and economic development. This case study serves as a lens through which to examine the relationships between a range of policy and planning frameworks aimed at changing the lives of the rural poor, both in terms of their modes of implementation and the ways in which they articulate with broader patterns of capital accumulation and macro-economic frameworks. This examination foregrounds the Wild Coast Spatial Development Initiative, which is the planning framework that has been promoted most extensively for the former Transkei.

Although it is perhaps more customary to give an introductory chapter a more theoretical flair, the theoretical overview in this thesis is presented after the chapter on methodology (refer to section 1.4 for an outline of the chapters in this thesis). This is done mainly because the research question initially arose not in the context of theory, but out of the growing body of largely state-sponsored development policy and programmes, not all aspects of which appeared to articulate neatly with each other or to identify the same developmental issues and goals. In the rest of this introductory chapter, therefore, the focus is largely on key legislative and policy

developments following the 1994 elections, although some oblique references to theoretical perspectives are made.

1.1 The political transition in South Africa

The colonial and apartheid spatial, political and economic legacy has been well documented (cf. Bundy, 1979; Hendricks, 1990; Mamdani, 1996; Plaatje, 1986(1916); Platsky & Walker, 1985). Under the system of apartheid, a complex legislative edifice was constructed to consolidate the settlement of black people into Bantustans, and to entrench the linkage of systems of traditional leadership to the administrative mechanisms of the apartheid state. Livelihood options within the Bantustans were constrained, leaving migrant labour and service in Bantustan administrations as the most viable livelihood options. It is in this context that the political transition in South Africa and the legislative and policy programme that followed should be understood (these issues are considered further in section 4.1 below).

In 1994, a new democratic political dispensation was formally launched in South Africa with the holding of the first democratic elections as provided for in the Interim Constitution of the Republic of South Africa, 1993. An important platform for the mobilisation of support for the African National Congress (ANC), the leading partner in the Tripartite Alliance, was the Reconstruction and Development Programme (African National Congress, 1994). As its name implied, the Reconstruction and Development Programme (RDP) outlined the requirements and priorities for the reconstruction and development of South Africa to ensure that a series of socio-economic rights could be met. This document was based on an earlier consensus position for the liberation of South Africa contained in the Freedom Charter (Congress of the People, 1955) and built on the work that had been undertaken within the liberation movement and progressive non-governmental organisations. It provided for a developmental approach to government that would be aimed at altering the political economy of South Africa at the time of the transition to a democratic dispensation based on the universal franchise.

After the political transition to a democratic state, the Constitution of the Republic of South Africa Act 108 of 1996 was adopted, based on negotiations around an Interim Constitution (the constitutional negotiations are described in more detail in section 4.1 below). Key aspects of the constitution included a Bill of Rights (including a range

of socio-economic rights), provision for three spheres of government (national, provincial and local), an emphasis on cooperative governance, and provisions for courts and the administration of justice, public administration and finance, state institutions supporting a constitutional democracy, and traditional leaders. A series of policy papers, legislative documents (including draft Bills and Bills) and Acts of Parliament defined in further detail the parameters within which the provisions of the Constitution would be met.

Included in this series of policy papers was a new macro-economic strategy, the Growth, Employment and Redistribution (GEAR) strategy (Government of the Republic of South Africa, 1996), which has caused much controversy, both within and outside the Tripartite Alliance (cf. Bond, 2000; Congress of South African Trade Unions, 2000). This strategy set the economic parameters within which the socio-economic rights enshrined in the Constitution could be met, i.e. the economic parameters within which the work of all three spheres of government could take place (the relationship between the RDP and GEAR is explored further in section 4.1 below).

A key sphere of government, the local government sphere, was defined further in a series of Acts of Parliament, all of which emphasised its developmental mandate (as explicitly provided for in the Constitution). The Local Government: Municipal Demarcation Act 27 of 1998 removed racialised local government boundaries and allowed for the creation of "wall-to-wall" local government in South Africa. The possibilities and mechanisms for formal establishment of these new municipalities were defined in the Local Government: Municipal Structures Act 117 of 1998, and reorganisation of municipal systems around local government's developmental mandate was provided for in the Local Government: Municipal Systems Act 32 of 2000. Local government elections in November 2000 brought these new municipalities into being and heralded the final phase of the establishment of democratic and participative local government positioned for integrated and coordinated development. A key process through which local government and development was to be linked was the integrated development plan (IDP).

1.2 Government approaches to development after 1994

As indicated previously, the approach to development at macro-economic level was defined in terms of the GEAR strategy. This strategy emphasised South Africa's place in the global economy and focussed attention on fiscal reform in support of investment-led economic growth (with particular emphasis on foreign investment). Debates around the efficacy and value of this policy framework have focussed on issues such as the definition of a developmental state, the most appropriate ways of leveraging state resources to redress economic inequities, the roles of private investors and the value of emphases on market-driven growth (whether predominantly focussed on foreign or local markets) (Bond, 2000; Congress of South African Trade Unions, 2000; ECSECC, 2000). These debates have touched all levels of socio-economic planning, including the regional and the local.

The GEAR strategy has found echoes in the New Economic Partnership for African Development (NEPAD, 2001), which defined a continental approach to macro-economic development. NEPAD has been criticised on a number of levels, including the limitation of participation to national political leadership only, and the adoption of World Bank guidelines that have proven ineffective in many parts of Africa and the globe (Adésínà, 2002). Linked closely with the new framework for political organisation in Africa, the African Union, NEPAD has been designed to promote and consolidate fiscal reform, entrench democracy and facilitate trade and economic growth in a global economy. Criticisms of the influence of guidelines produced by the Bretton-Woods Institutions (World Bank & International Monetary Fund) on NEPAD have echoed criticisms of GEAR that have pointed to similarities between GEAR and the prescriptions imposed on developing countries by those institutions. Such criticisms have emphasised the negative effects of (i) rapid relaxation of trade barriers in an emerging economy when subsidies to key economic sectors in developed countries made for unfair trade, (ii) privatisation of state assets which might limit their use in the transformation of the political economy of South Africa, and (iii) privatisation of service provision that would encourage private investment at the expense of workers and the poor and their basic service needs (Bond, 2000; Congress of South African Trade Unions, 2000; Fine & Padayachee, 2001). Although recognising the inescapable realities of global capitalism and the need to encourage investment, critics have, in basic terms, pointed to the unnecessary limitation of alternative strategies for macro-economic development that would address entrenched poverty and allow for the more equitable provision of health, welfare,

education and basic services (such as water and electricity). Key in these debates have been views on the role of the state (particularly the African state) in socio-economic development and on the links between rights-based approaches to development and the political economy of the nation state.

In South Africa, and within the broad macro-economic framework provided by GEAR and the system of distribution of shares of national revenue, a range of policy instruments and strategic plans have guided socio-economic development. Important documents, at the level of the Eastern Cape Province, have included the Provincial Growth and Development Strategy (ECSECC, 1997), the Integrated Sustainable Rural Development Strategy (Government of the Republic of South Africa, 2000), and a range of particular (often national) policies focussed on areas of support such as public works, water and sanitation, housing, and agricultural development. The Provincial Growth and Development Strategy (PGDS) and the Integrated Sustainable Rural Development Strategy (ISRDS) have been focussed on the implementation of integrated approaches to development that would harness the resources and policy objectives of a range of national and provincial government departments to eradicate poverty and give substance to the socio-economic rights contained in the Constitution. At stake has been the positioning of development both as a moral project (with a rights-based approach taking on stronger or weaker/more pragmatic tones) and as a project aimed at creating a more robust economy within a world capitalist system that would deliver what it could to the citizenry. Of great significance has been the neo-liberal approach in terms of which the limitation of the role of the state and the encouragement of varying degrees of management of the market have been emphasised (Bond, 2000; Michie & Padayachee, 1997).

Critical, particularly for rural development, have been policies and legislation dealing with the management of strategic resources (particularly land and water) and the restructuring of the agricultural sector.

The land reform process (both the restitution and redistribution components) has been constrained by the entrenchment of property rights in the Constitution. This has left the "willing-buyer-willing-seller" approach as the only workable strategy and has limited the state's ability to restructure the land distribution, ownership patterns and

management patterns inherited from apartheid[1] and colonialism (Williams, Ewert, Hamann & Vink, 1998). Other factors that have constrained the land reform process in South Africa have included the political and administrative challenges associated with the transformation of the system(s) of land administration, the institutions and bureaucratic procedures developed in support of land administration, the limited resources allocated to the Department of Land Affairs (Kenyon, 2002), and the "crowding out" of a rights-based approach aimed at improved food security by the growing emphasis on the establishment of viable black commercial agricultural enterprises.

The management of water resources has been less obviously constrained, but reform in this instance has also been constrained by wider political economic factors such as the effects of the restructuring of agricultural support and markets and the existing patterns of capital formation in South Africa (entrenched, effectively, through the GEAR strategy). Although firmly positioned within a rights-based approach (which has, for example, included the setting aside of water for basic human needs and included provisions for the use of water to improve the economic status of historically disadvantaged people), the water resource management dispensation in South Africa has been constrained in the very forums that have been created for the negotiation of future institutional arrangements (cf. Bond, 2000, for a similar argument in relation to the political transition in South Africa).

The restructuring of agricultural support and markets has affected both the redistribution and management of land and the management of water resources, in that the emergence of economically viable, black-owned agricultural enterprises was constrained, during the very time of their emergence, by the removal of the support

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[1] Authors such as Mamdani (1996), arguing mainly from a political perspective, have described the apartheid project as little different from the post-colonial projects in many African states in that a division between citizens and subjects was secured. Different rights and governance systems were effectively maintained for these two categories of people, building on the legacy of colonial subjugation and appropriation of traditional political institutions in support of colonial rule. South African authors such as Hendricks (1990) have explored the creation and maintenance of a distorted form of communal tenure (administered by appropriated and transformed traditional political institutions), but have anchored this analysis in the political economy of colonial and apartheid South Africa. The latter was traced in terms of the activities of different fractions of capital (mainly mercantile, mining and industrial capital) and the establishment of a rural proletariat that supported predominantly urban sites of capital accumulation and that was managed through the distorted system of traditional governance (harnessed through the establishment of the Bantustans).

and protection enjoyed by white commercial agriculture (Williams, Ewert, Hamann & Vink, 1998). This has affected both the land reform process (the focus of Williams et al's analysis) and the transformation of the water resource management dispensation. In the case of the latter, the acquisition of water user licenses is predicated on the existence and maintenance of viable economic enterprises (including agricultural enterprises, emerging or established). This implies that constraints on the establishment and development of such enterprises would limit the potential for equitable access to water resources (even with five years of systematically diminishing government subsidies for emerging black agricultural enterprises, as has been provided for in the Pricing Strategy for Raw Water Use Charges, Government Proclamation 1253 of 12 November 1999).

The macro-economic framework and constraints, together with the legislation, policy and institutional practices adopted for the management of strategic resources such as land and water[2], have both guided and constrained other development policies and programmes undertaken by particular national and provincial government departments. Important, from the perspective of this thesis, have been the national Department of Trade and Industry's policies and programmes for Spatial Development Initiatives (SDIs) and Industrial Development Zones (IDZs, most of which have been situated within SDIs). Key SDIs have included the Maputo Development Corridor, the Lebombo SDI (in KwaZulu-Natal), the Wild Coast SDI (in the Eastern Cape), and the Fish River SDI (also in the Eastern Cape). The intention behind these SDIs has been to identify areas of potential economic advantage where investment/capital accumulation could be encouraged through strategic support, often in the form of infrastructure provision. The Wild Coast SDI, which is particularly important from the perspective of this thesis, has been focussed predominantly around tourism development, although some agricultural development nodes were included in the original planning. The Wild Coast SDI has undergone a number of changes since its inception, linked to the changes of its institutional base from the national Department of Trade and Industry, to the national Department of

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[2] Similar arguments can be made for other strategic resources, such as minerals. Although crucially important in any comprehensive analysis of development practice and discourse, the arguments pertaining to ownership and management of minerals are not discussed in this thesis. The case study that forms the basis of this thesis is situated within the former Transkei, one of the "independent" Bantustans created by the apartheid state, and is an area where no significant mining activities are being undertaken or planned (although detailed investigations for the establishment of a heavy minerals mining operation just south of the case study area are underway).

Environmental Affairs and Tourism and, finally, to the Eastern Cape Provincial Government (the Eastern Cape Development Corporation in particular). The Wild Coast SDI will be considered in further detail in chapter 4 of this thesis.

The important point regarding the SDIs is that they have been designed with the purpose of harnessing development around infrastructure development and/or nodal developments on a regional basis. They were the precursors of other, larger-scale integrated development initiatives, such as provincial growth and development strategies and the ISRDS, and have become anchor points for these strategies that followed them. The SDIs have fitted neatly within the framework provided by the GEAR strategy, and, like the national economy as a whole, have been bedevilled by the failure of that strategy to encourage the foreign investment that it was meant to attract (this issue is discussed further in section 4.1 of this thesis). Further issues pertaining to the SDIs are explored in section 4.4 below in the more detailed examination of the Wild Coast SDI.

Finally, in addition to the national, provincial and regional strategies (the latter often framed in terms of national or provincial approaches), there have been attempts to translate the developmental mandate of local government into practical form. Key in these attempts has been the development of IDP manuals for the municipalities that came into existence in 2000. The first comprehensive IDPs for these municipalities were completed in 2002, in keeping with the requirements of the Municipal Systems Act. As defined in that Act, the IDPs were to be more than strategies for the encouragement of economic development within municipal areas: they were to become the basis of organisation of municipal systems, including municipal budgets and performance appraisal systems. The central placement of IDPs in municipal management systems has not yet occurred in all municipalities. This serves as a marker of limited progress in institutionalising developmental local government in South Africa.

One of the central components of an IDP is a local economic development (LED) strategy. Whereas the IDP covers all aspects of municipal planning (including service provision and revenue collection), the LED strategy guides a municipality in stimulating and supporting economic development within its area of jurisdiction. Ideally, it includes specific project proposals that have been packaged in terms of start-up costs, potential partners and beneficiaries, and financial requirements. However, LED is not a static phenomenon and municipalities remain open to new

ideas and projects initiated by a range of actors, including other institutions, such as development corporations and government departments. The intention, as reflected in policy documents and planning frameworks, such as the ISRDS, is that LED strategies will become progressively formalised and linked more closely with the IDP process (thereby bringing initiatives linked to other spheres of government, but planned for a municipal area, into the local planning process). It is held that this will allow more strategic use of resources by reducing duplication and encouraging multiple outcomes and beneficiaries.

Clearly, the success of the integration of the plans and initiatives of other spheres of government (and departments within each sphere) will depend on the degree to which the principle of cooperative governance is implemented. Experience shows that such integration is difficult to achieve, due to factors such as entrenched institutional practices and bureaucratic procedures, capacity constraints in particular spheres or departments (often the provincial and local spheres), and fast-tracking of project planning and implementation in the face of political pressure to demonstrate "delivery". Macro-economic strategies and national and provincial integrated development frameworks also serve as frameworks (both enabling and constraining development options).

These frameworks receive more detailed attention below. We now turn to a brief outline of the contents of this thesis in the final section of this chapter.

1.3 This thesis

This thesis has been structured in terms of the following chapters:

- Chapter 2 focuses on the research methods employed in gathering the data on which this study is based.
- Chapter 3 focuses on theoretical perspectives on economic development, with special emphasis on LED, tourism development and rural development planning.
- Chapter 4 focuses on the policy and planning context within which economic development planning in the Mbashe Local Municipal area is located. An analysis of the key policy and planning frameworks in terms of which sectoral planning is integrated and resources are being

mobilised, prepares the ground for a more detailed consideration of economic development planning in Mbashe.

- Chapter 5 focuses on economic development planning within the Mbashe Local Municipal area, including experiences in implementing the two strategic approaches most directly associated with this area. These are the Promotion of Rural Livelihoods Programme and the Wild Coast SDI.
- Chapter 6 concludes this thesis, and examines the scope for local economic development planning in the Mbashe Local Municipal area given its wider planning context.

One of the key objectives of this thesis is to show how the frameworks for resource mobilisation at the provincial and national levels affect local economic development planning. Another key objective is to explore the extent to which national and provincial planning supports local government's developmental mandate.

2 METHOD

2.1 Research design

As indicated previously, a case study was selected as a lens through which to view the complex interaction between the historical socio-economic legacy, new (indeed emerging) structures of government, legislation, policy, provincial planning, spatial planning, and local economic development planning. This case study is the Mbashe Local Municipal area, which has the following important characteristics:

- It is located in the former Transkei, which faces a great number of development challenges rooted in its history as one of the former Bantustans (or "independent" homelands) of apartheid South Africa. Further details regarding these challenges, particularly as they pertain to the Mbashe Local Municipal area, are provided in Chapter 5 of this thesis.
- It is a newly demarcated municipal area for which a municipal structure was established after the local government elections of November 2000. It therefore faces a range of challenges associated with the development of new institutions of governance, complicated by its setting in a context of entrenched poverty, a limited revenue base, limited provision of basic services, lack of clarity regarding land administration (not least of which is the uncertainty over the ultimate direction of land tenure reform), limited economic development to date and uncertainty regarding the possibilities for economic development that would significantly alter the livelihood security of residents and the financial viability of a proactive municipality.
- It contains one of the original nodes of the Wild Coast SDI, namely the Dwesa-Cwebe Nature Reserve, which places it well for an examination of the current and potential local impact of this spatial development initiative. The Dwesa-Cwebe Nature Reserve has also been the focus of research into the resolution of a restitution claim and the development opportunities facing the restitution beneficiaries (Palmer, Timmermans & Fay, 2002). This research allows for greater insight into the historical underpinnings of the current Nature Reserve, and the opportunities and constraints associated with its position

within the Wild Coast SDI and with its relationship with the Mbashe Local Municipality.

- It is one of two pilot sites for the Promotion of Sustainable Livelihoods (RuLiv) Programme (cf. Office of the Premier of the Eastern Cape & GTZ, 2000), which started in 2001 as a 3-year Eastern Cape pilot programme aimed at support of local economic development activities and facilitation of "locally specific, effective service delivery" by "decentralised Government Institutions" (Office of the Premier of the Eastern Cape & GTZ, 2000). This programme has been located in the Office of the Premier, Eastern Cape Province.

As is usual with case studies within a broadly qualitative research design, multiple sources of data were used (cf. Babbie & Mouton, 2001; Creswell, 1998; Neuman, 2000). These included existing secondary sources of information, individual interviews with key informants, and a group interview.

2.2 Secondary sources of information

The following documentation was examined:

- Key policy documents with regard to economic development in South Africa. This included the GEAR strategy, the Eastern Cape PGDS, and the ISRDS. No tourism strategy that outlined an approach to the development of tourism along the Wild Coast existed at the time of this research (based on queries at the Eastern Cape Tourism Board and the Amatole District Municipality)[3].
- Key legislation and policy documents that have set the framework for development planning and implementation in the Mbashe Local Municipal area (reference has already been made to some of these, e.g. local government legislation).
- All available documentation on the Wild Coast SDI. Access to this documentation was more difficult to achieve than had initially been expected, as files had moved between the national Department of

[3] A draft Tourism Master Plan for the Eastern Cape was released after completion of the research for this thesis. It has been criticised for insufficient linkage with provincial and national frameworks and insufficient attention to IDPs within the province (Davies, 2002).

Trade and Industry (DTI), the national Department of Environmental Affairs and Tourism (DEAT), and the Eastern Cape Development Corporation (ECDC). This was because the SDI had moved from one institutional home to the next. The original information posted on the Internet, as well as documentation kept in the resource centre of the Eastern Cape Socio-Economic Consultative Council, were used. These documents provided information of mainly historical interest, giving insight into the repositioning of the SDI over time, both in terms of its institutional home and its stated goals and objectives.

- Documentation produced by the RuLiv Programme, including studies commissioned by that Programme.
- A study on the history and resolution of the restitution claim lodged on the Dwesa-Cwebe Nature Reserve, as well as key development issues relating to management of the Nature Reserve, published as a book in 2002 (Palmer, Timmermans & Fay, 2002). The terms of reference for the service provider team appointed by the Amatole District Municipality to develop a development plan for the Dwesa-Cwebe Nature Reserve were also examined.
- The IDPs for the Mbashe Local Municipality and the Amatole District Municipality (into which the former falls).

2.3 Interviews

A number of individual and one group interview were conducted. Given the focus of this study on the broad policy and planning level, these interviews served as points of access to histories, current initiatives, frustrations and perceived opportunities, and the likely direction that LED and the Wild Coast SDI might take in the Mbashe Local Municipal area. The group interview focussed on teasing out some of the key issues pertaining to LED in the Mbashe Local Municipal area and to develop a shared sense of the opportunities and constraints. This interview also allowed me to get a greater sense of the degree of consensus amongst key members of the LED Sub-Committee on the process of packaging LED projects and the strategic approach to LED in general.

2.3.1 Respondent selection

Individual interviews were conducted with the following key role players who could provide perspectives on the current state of development and the future plans for the Wild Coast SDI, and on local economic development planning in the Mbashe Local Municipal area:

- Manager of the Special Programmes Unit, ECDC (responsible for the Wild Coast SDI).
- Previous Manager of the Wild Coast SDI.
- Coordinator/Manager of the Dwesa-Cwebe Node, Wild Coast SDI.
- Municipal Manager, Mbashe Local Municipality.
- Director: Plans and Programmes, Office of the Premier (carried overall responsibility for the RuLiv Programme).
- Representative of PondoCrop (the organisation appointed as implementing agent for the European Union Programme of Support to the Wild Coast SDI).
- Chairperson of the LED Sub-Committee, Mbashe Local Municipal Council.
- Mbashe Local Municipal Administrator in Willowvale.

As this study was not attempting to describe a shared vision that might be held (or might be emerging) regarding development in this area, no attempt was made to sample all sections of the population of the Mbashe Local Municipal area.

A number of other people were contacted to enquire about the availability of information (e.g. a tourism strategy for the Wild Coast) or to negotiate access to information. These people included staff members of the Eastern Cape Tourism Board, the Development Bank of Southern Africa, and the Eastern Cape Regional Land Claims Commission.

One group interview was conducted with members of the LED Sub-Committee of the Mbashe Local Municipal Council. The interview commenced with 4 members and ended with 7, with the 4 members who participated in the group interview from the start being the most active. Two of these active participants were Ward Councillors, 1 was a Councillor who had been elected via the proportional representation system

(also the chairperson), and 1 was the representative of the RuLiv Programme in Mbashe.

2.3.2 *Interview questions*

A broad schedule of interview questions was used during most of the interviews with individual respondents. The interviews with the Coordinator/Manager of the Dwesa-Cwebe Node of the Wild Coast SDI and the representative of PondoCrop were open-ended and focussed more specifically on these two respondents' activities and the roles of their organisations in relation to Mbashe. I introduced myself as a student undertaking research into regional[4] economic planning in relation to provincial and local planning for my Masters degree through the Department of Sociology and Industrial Sociology, Rhodes University. I noted, upfront, that I was particularly interested in the Wild Coast SDI. I made respondents aware of the fact that I was in the process of talking to a number of different people (in later interviews, I named some of the people I had already interviewed, without indicating what they had said). I noted that I had prepared some broad questions to guide me through the interview, but that the interview itself would be fairly open-ended. I asked permission to make an audio record of the interviews; in most cases, such permission was granted.

In the case of the group interview, I gave a similar introduction, but tailored it more specifically to the work of the LED Sub-Committee. I noted that I was undertaking research into local economic planning in the former Transkei region, and the Mbashe Local Municipal area in particular. I also noted, more specifically, that I wanted to talk to the group as members of the Council Sub-Committee directly tasked with LED to gain a deeper understanding of the important issues. The group interview itself had been preceded by a brief, personal introduction at a meeting of the LED Sub-Committee at which I had undertaken to provide feedback on the results of my research in early 2003.

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[4] Here the term "regional" was defined as a geographical area smaller than the provincial, but including more than one district municipal area. In terms of this definition, the former Transkei area would be a focus of regional planning. In later references to regional planning at a continental scale, I use a definition of "regional" as a geographical area smaller than the African continent, but including more than one country.

In the case of the individual interviews (except for the two open-ended interviews), each respondent's views on the following broad question areas were elicited:

- Economic development priorities in the former Transkei.
- The most important initiatives that are being planned or implemented to address those development priorities.
- What the Wild Coast SDI is meant/designed to achieve.
- The strengths of the Wild Coast SDI.
- The weaknesses of the Wild Coast SDI.
- The current state of planning and implementation of the Wild Coast SDI.
- The Wild Coast SDI in relation to the respondent's work and the goals of his/her organisation/programme/project.
- The potential contribution of the Wild Coast SDI to the alleviation of poverty in the former Transkei.
- The fit of initiatives like the Wild Coast SDI with the IDP process at local government level.

In the case of the group interview, the following question areas were covered (this interview was not recorded, but notes were taken):

- What is needed for the Mbashe Local Municipal area to develop economically and socially.
- The social and economic development priorities in the Mbashe Local Municipal area.
- The role of the LED Sub-Committee in addressing these priorities.
- The role of the LED Sub-Committee in developing and implementing the Mbashe IDP.
- The development initiatives (local, regional, provincial and national) that have been (are being) implemented in the former Transkei, in general, and the Mbashe Local Municipal area, in particular, that are regarded as important. Members of the group were asked to specify their reasons for selecting particular initiatives.
- The role of the Wild Coast SDI in addressing the development priorities listed earlier in the interview.

- Views on the ways in which the Wild Coast SDI should be implemented.
- The fit of the Wild Coast SDI with the brief of the LED Sub-Committee (this included more specific questions on the role of the LED Sub-Committee in the process of developing a Dwesa-Cwebe Development Plan, and on the work of the European Union Programme of Support to the Wild Coast SDI).

2.4 Data analysis

Notes were taken during all interviews (including those recorded on audio tape). Audio recordings were used to retrieve details that had not been captured in the notes (in knowledge of the audio record).

Data generated during the course of the interviews and obtained from secondary sources were subjected to a thematic analysis (cf. Babbie & Mouton, 2000), in terms of which themes and sub-themes were identified and data allocated until the point of saturation was reached. This process of analysis took place during a systematic examination of key policies, strategies and plans at national, provincial and local levels, and was informed by a review of recent international experience of economic development planning. The latter review was focussed on local economic development planning in general and tourism development planning more particularly, with a strong emphasis on the challenges of economic development planning in rural contexts.

The more general examination of key policies, strategies and plans at national, provincial and local levels was linked to an assessment of planning practice in direct relation to Mbashe. This allowed for a final distillation of themes as a basis for my analysis of the scope for local economic development in Mbashe.

The next chapter contains the results of my focussed review of the international experience of economic development planning. It contains key themes that are recalled later in the more specific examination of economic development planning in Mbashe.

3 THEORETICAL PERSPECTIVES ON ECONOMIC DEVELOPMENT PLANNING

Economic development planning can be undertaken at macro, meso or micro levels. South Africa's approaches at the macro and meso levels are considered in more detail in chapter 4 of this thesis. What I would like to focus on here are approaches to economic development with more particular impact at the micro level, as this is the level at which economic development planning by municipalities occurs. The term commonly used in South Africa and elsewhere for economic development at the micro level is "local economic development" (LED). In South Africa, this term has gained particular prominence in the context of the developmental mandate given to local government in terms of the Constitution (see section 4.8 for a more detailed discussion). In the first section of this chapter, I attempt to unpack this term and to examine approaches to and experiences with LED in South Africa and elsewhere.

Given the tourism focus of the Wild Coast SDI, which is the meso-level planning framework of most direct relevance to the Mbashe case study, I also examine approaches to tourism development. This examination also casts light on key considerations for tourism development at the local level.

Finally, given the largely rural context of Mbashe, with its limited infrastructure, limited economic activity and large distances to service centres, I examine the broader concept of rural development planning. Rural development planning is viewed as an integrated approach to the challenges of poverty alleviation, service provision, infrastructure development, institutional development, building of economic productive capacity, and promotion of locally advantageous exchange regimes. My basic argument is that this is the proper framework within which to approach LED in an area such as Mbashe, as this is the only framework that avoids a collapse of LED planning into the more familiar urban-based form associated with place marketing, sophisticated economic infrastructure and well-resourced municipalities.

3.1 Perspectives on Local Economic Development

Although focussed on the "local", LED is always situated within broader economic structures and processes, and LED planning is always undertaken in terms of opportunities and constraints defined in terms of these. After a more general

discussion of the contextual embeddedness of LED, I turn, in section 3.1.2, to an examination of experiences with LED in the South African context.

3.1.1 Approaches to LED

LED has been characterised as an economic development strategy in the post-Fordist context of international capitalism (Nel, 2001; Nel & Humphrys, 1999), in terms of which emphases on standardisation has given way to more flexible organisational forms and to the exploration of niche markets. This context has been analysed in terms of a number of theoretical perspectives, including the various forms of the regulation school (cf. Amin, 1994a) and the more classic exploration of global capitalism's crisis of overaccumulation, the various forms this crisis takes and the various ways in which it is shifted or delayed (Bond, 2000). This post-Fordist phase is not a neat "post", but still contains elements of Fordist forms (see discussion in the context of approaches to tourism in section 3.2.2 below).

The changing of the organisational forms of international capitalism has taken place in an international institutional context through which consensus positions on macroeconomic planning are deployed and legitimated (cf. Bond, 2000, and Gore, 2000, for analyses of the Washington Consensus and the post-Washington Consensus, as deployed through multilateral institutions such as the World Bank and the International Monetary Fund). It is in this context that regional specialisation and niche markets have been prized and that the value of LED planning as a flexible and relatively cost-effective approach to economic development planning has been celebrated (Nel & Humphrys, 1999).

LED has also gained prominence in view of the recognition that the global corporate environment is not characterised only by networked enterprises, but also by networked territories (Cabus, 2001). This means that the "local" in LED cannot be viewed in isolation and creation of "perfect" local conditions for economic development is not sufficient – what is needed is active local advocacy to win space in intra- and inter-regional networks (Cabus, 2001).

Other factors in the growing popularity or importance of LED have been the growing emphasis on local democratic control, rising concerns about challenges of reducing poverty and unemployment, the popularity of arguments raised in the micro-perspectives approach to development and a more widespread concern with local

rather than grand narratives (Binns & Nel, 1999; Nel, 2001). Recognition of this "post-modern context" does not have to lead one to acceptance of the argument that the influence of grand narratives has ended, as is evidenced by the pervasive influence of grand narratives in the macroeconomic context (refer to chapter 4 below for further discussion of this influence in the South African context).

In developing countries, additional factors in the growing importance of LED have been the debt crisis, rising difficulties experienced by central states in making effective interventions at the local level, imposed structural adjustment, massive currency devaluation and social and political shocks (Nel, 2001). In these countries, given their general marginalisation in the world economy, LED has taken on more survivalist tones, as opposed to active jockeying for competitive position in the world economic race by cities of the advanced capitalist countries in the North (Nel, 2001). Even in the rural areas of the North, attempts to counter growing economic marginalisation in the global economy have been met with comparatively well-resourced local agencies. In the United States of America, active competition between agencies has been encouraged, justified in terms of an entrepreneurial approach to LED that relies on market mechanisms for the most effective deployment of development agencies in support of LED (Nel, 2001; Snow, 2000).

A key finding regarding LED is that, although it is generally a cost-effective and community empowering approach, there is a need for state support. This support can be in the form of creation of an appropriate regulatory environment, investment in industries or services (e.g. through public ownership or equity investment), subsidies and redistributive measures, and targeted training and facilitation (Nel, 2001). The regulatory context needs to allow for devolution of economic planning and control, even while state support is maintained. This support should be carefully managed to avoid loss of autonomy or dependence, by localities, on external funds (Nel, 2001).

Another finding concerns the importance of partnerships between key agencies, built on local social capital, in support of LED (Nel, 2001). Non-governmental organisations (NGOs) have a key role to play, but their contributions might have been exaggerated. Nel (2001) has argued that NGOs, like the state, also need to take care to ensure the local economic sustainability of their interventions by avoiding creation of dependence on external funding.

The location of LED within a broader developmental context has also been advocated. Such arguments have paid particular attention to the provision of physical infrastructure in ways that maximise access by the poor to services, resources and sites of opportunity (ECSECC, 2000; Nel, 2001).

One of the dangers of LED is the tendency for localities to compete with each other. Unless coordinated in a regional context, such competition can be destructive in that collective interest is not recognised and comparative regional advantage is not effectively exploited (Helmsing, 2001; Wolfson, 2000). Notions of comparative advantage, if applied in developing countries, bring us back to the prescriptions of growth theories such as W.W. Rostow's (1990). Such prescriptions do not pay sufficient attention to the structural forces maintaining developing countries in their marginalized positions in the global economy (Rogerson, 2000). Although participation in the global economy requires developing countries to plan in terms of comparative advantage, an over-emphasis on the market (cf. Begg, 2002) can erode local food security, the creation of domestic markets and poverty eradication by framing economic challenges in terms of exogenous rather than endogenous requirements (cf. Amin, 1994b). Even suggestions regarding techniques for incorporation of local preferences in LED (cf. Cox, Alwang & Johnson, 2000, for a discussion of the value of the analytical hierarchy procedure in measuring LED preference trade-offs) and use of tertiary institutions to correct market failures (cf. Weiler, 2000; Weiler, Scorsone & Pullman, 2000) are of limited value unless applied within this broader development context.

3.1.2 LED in South Africa

The increasing focus on LED in South Africa has been associated with the same influences as elsewhere on the globe. However, there have also been some particularly local influences.

Limited experiments with urban LED in South Africa occurred at the turn of the previous century, focussed mainly on limited place marketing by cities and towns such as Johannesburg, Germiston, Benoni, Port Elizabeth and East London (Rogerson, 2000). These began to wane in the 1950s when the apartheid government started implementing industrial decentralisation programmes in support of its spatial and social policies, as these central government led programmes left little room for LED (Rogerson, 2000).

The arrival of a new democratic dispensation in South Africa has brought changes to these subsidy programmes which, combined with neoliberal policies adopted in terms of South Africa's post-1997 macroeconomic framework, have contributed to effective deindustrialisation of parts of South Africa (often those close to the former Bantustans that were the targets of the industrial decentralisation programmes). The national government's commitment to this macroeconomic framework "requires that municipalities assume an enhanced role in overcoming the legacy of apartheid and in delivering improved standards of living to South Africa's people" (Rogerson, 2000: 400). This is due mainly to the emphasis on limiting state fiscal expenditure and encouraging the use of market mechanisms for economic development. Combined with the developmental mandate given to local government in terms of the Constitution, this approach places municipalities in a central position in stimulating economic development in their areas of jurisdiction (Rogerson, 2000).

Nel (2001) lists four variants of LED in South Africa, namely (i) formal local government initiatives, (ii) community-based or small-town initiatives, often developed through support and facilitation by non-governmental organisations, (iii) Section 21 Development Corporations for LED in particular localities, and (iv) "Top-down" LED, in terms of which national or provincial institutions attempt to stimulate LED. Formalised local government initiatives are limited, in that strategic planning for LED is limited and that formal LED support, in the form of support units, has been institutionalised on a very limited scale outside the larger urban centres. In addition, municipalities are constrained by large service-delivery challenges, limited tax bases, national fiscal constraints, limited administrative capacity, and limited experience in economic development (Nel, 2001; Rogerson, 2000). The results of community-based or small-town initiatives and Section 21 Development Corporation initiatives have been mixed (Nel, 2001; Rogerson, 1998). "Top-down" LED has proven to be important in resource-poor parts of the country, such as the former Bantustans, but such an approach to LED runs the danger of stifling local initiative and autonomy and fostering dependency (Nel, 2001).

Both market-led and market-critical approaches to LED are found in South Africa, with the latter focussing on self-reliance, empowerment, participation, local cooperation, redefining work and sustainability (Rogerson, 2000). Even the market-led approaches have to be conceived in a development-planning environment in which participation and community ownership is emphasised, given constitutional

and legislative provisions. This emphasis is implemented with difficulty, however, and LED initiatives still remain vulnerable to capture by business/local elites, even when strong protocols for community participation have been adopted (cf. Maharaj & Ramballi, 1998).

The market-led or growth-oriented approach to LED still predominates in the urban centres of South Africa, and is often associated with marketing cities and towns as centres of (i) production, (ii) consumption, (iii) information-processing and corporate decision-making, or (iv) reception of central government funds (Rogerson, 2000: 400). The emphasis on creation of centres of production is the more classical form of LED. Marketing of cities and towns as centres of consumption is usually focussed on specific economic sectors such as tourism. The latter is of growing importance in South Africa (see section 3.2 below). Development of centres of information-processing and corporate decision-making has been limited in South Africa and, judging from the numerous incentives that have had to be created in countries such as the Republic of Ireland (cf. Huggins, 1992), unlikely to be feasible in most of the country. An approach to LED as the creation of centres of central government funds is fairly widespread in South Africa (Rogerson, 2000). Even though this is understandable in the context of the structural problems faced by localities in South Africa, there are concerns regarding economic sustainability.

The growth-oriented approach to LED holds dangers in terms of destructive competition between poorly resourced localities – currently, very limited cooperation between localities is evident in South Africa (cf. Rogerson, 2000; Palmer and Viljoen, 2002, for the efforts taken by cities and towns to attract foreign tourists by emphasising the negative characteristics of their competitors, such as crime and environmental pollution). The growth-oriented approach often takes the form of what Maharaj and Ramballi (1998) have called the entrepreneurial approach, "which entails forming growth coalitions and public-private partnerships to attract mobile capital" (Maharaj & Ramballi, 1998: 144). South African experience has shown that these partnerships, even when including organised labour and civil society, are open to capture by public and private elites (cf. Maharaj & Ramballi, 1998). The entrepreneurial approach is increasingly common in the United States (cf. Rogerson, 2000; Snow, 2000) and is well suited to a neoliberal macroeconomic environment.

In South Africa, the integration of poverty alleviation into LED has still not been achieved (Nel, 2001; Rogerson, 1998; Rogerson, 2000). This requires active

engagement of municipalities with their developmental mandate, with strong support from the national and provincial governments, to strengthen the asset base of the poor and reduce vulnerability (Rogerson, 2000). Provision of basic services can be viewed as an opportunity for LED through selective procurement and use of labour-intensive methods (ECSECC, 2000; Rogerson, 2000). There is scope to support existing survivalist, informal economic activity through, for example, facilities for trade and support to small, medium and micro-enterprises (Rogerson, 2000). Existing rural economic activity can be supported through development of institutional arrangements for production and exchange (cf. Singh, 1999). LED that improves the livelihoods of a broad cross-section of the population can help to stem the leakage of skills out of localities, particularly rural localities (Rogerson, 2000).

Spatial and strategic initiatives, such as South Africa's Spatial Development Initiatives (SDIs) and Industrial Development Zones, will influence LED programmes through the deployment of resources in support of broader strategic objectives (Nel, 2001). The role of the Wild Coast SDI in LED in the Mbashe case study is explored further below.

In addition to avoidance of unfunded mandates to local government, support by national and provincial governments in the form of coherent guidelines on LED and institutional support, e.g. in the form of provincial LED units, are still needed (Rogerson, 2000). The roles of District Municipalities in LED support to Local Municipalities still need to be defined more clearly (see section 5.3.3 below for a discussion of the role of the Amatole District Municipality in supporting LED in the Mbashe Local Municipality).

Current examples of national government support to LED in South Africa include the Social Fund and the associated Social Plan, as well as the LED Fund (Rogerson, 2000). The Social Plan addresses prevention, management and regeneration of communities affected by economic decline or restructuring. The national Department of Labour is responsible for the first two phases, whereas the national Department of Provincial and Local Government is responsible for the last. The LED Fund was launched in August 1999 and offers "financial support for municipalities engaging in projects that will impact upon job creation and poverty alleviation" (Rogerson, 2000).

These broad findings frame the discussions of LED in the rest of the thesis. The LED challenges faced by local governments in South Africa are discussed further in

chapter 4 below in terms of the broader South African rural development context. The experience with LED planning in Mbashe is explored in chapters 5 and 6.

3.2 Perspectives on tourism development

An examination of some of the theoretical issues associated with tourism development is appropriate, given the tourism focus of the Wild Coast SDI (see section 4.4 below). Such an examination should consider the international tourism context and the development of the South African tourism industry to date.

3.2.1 The tourism industry in global context

Tourism is set to become the world's largest industry and might already have overtaken the oil and automobile industries (Palmer & Viljoen, 2002). It employs 7% (1 in 15) of the world's workers (Cottrell, 2001). "Revenues from global tourism currently stand at about US $3.5 trillion (about R30 trillion), and tourism accounts for 11% of the world's economy" (Palmer & Viljoen, 2002: 218).

International tourism grew by 9% throughout the 1960's and by 1970s, contracted after the oil crisis of 1973 to annual increases of 6% in 1970s and 1980s (Palmer & Viljoen, 2002). It is still increasing in size and many areas of the world are positioning themselves to capture a part of this growing market. Such positioning is taking place on national, regional and local levels.

The international tourism industry is dominated by the wealthier countries of the world, in terms of both outgoing and incoming tourism (Cottrell, 2001). Participation by developing countries in this industry is growing, with the World Tourism Organisation predicting that by 2010, a quarter of all tourist arrivals will be recorded in developing countries (Cottrell, 2001: 86). Examples of the importance of tourism to developing economies include Costa Rica, where tourism is the second most important export product after electronic circuits and microchips, The Gambia, where 30% of the workforce is directly or indirectly dependent on tourism, and, on a smaller scale, Tanzania, where tourism earnings exceed 2% of Gross National Product (GNP), and Botswana, where tourism earnings exceed 3% of GNP (Cottrell, 2001).

South Africa's participation in the international tourism market remains small, with the South African Department of Environmental Affairs and Tourism reporting in

1999/2000 that only 0.2% of international tourists visited this country (Palmer & Viljoen, 2002). This is partly due to South Africa's late entry into the international tourism market after years of isolation due to its apartheid policies, to the interchangeability of third world destinations, and to South Africa's misreading of international tourism trends (Palmer & Viljoen, 2002).

3.2.2 Approaches to tourism development

The international tourism market has undergone a number of changes since the Second World War (Palmer & Viljoen, 2002). These have included a move from mass tourism of a Fordist kind, in terms of which replicability of experiences, standardisation of services and standard packaging of tourism was emphasised, to a more post-Fordist kind, in terms of which tourists have increasingly moved to construction of their identities through consumption of multiple experiences and narratives and where tourism operators have exploited the new compression of time and space made possible through deployment of new technologies and organisational procedures. The latter form of tourism, which has dominated the market since the 1980s, has been characterised as the "New Tourism", and has blended neo-modern forms of tourism with the post-modern. The former has emphasised simulated experiences in comfort and insulation from local populations (likened to the simulated and sanitised worlds created in Disney movies, as opposed to the more crude emphasis on standardisation of the modern approach, which can be likened to the experience of encountering McDonalds franchises all over the world). The latter has emphasised adventure, new experiences, encounters with local people and more individualised packaging of the tourism experience (Palmer & Viljoen, 2002)[5]. These changes are markers of the changing face of international capitalism, particularly the increased mobility of resources and people, the dominant position of the countries of the North and the leading role of transnational corporations (Clancy, 2001; Jaakson, 2000; Palmer & Viljoen, 2002).

The Mexican experience is an example of the requirements for a "successful" embrace of the neo-modern form of tourism (Clancy, 2001). Large capital investment in tourism was facilitated by the Mexican state and the application of Fordist organisational principles still allowed Mexico to benefit from the post-Fordist

[5] Theorists such as Umberto Eco (1987) have a slightly different perspective on the post-modern, viewing it as the hyper-real in which simulation becomes "more real than real" (own words).

compression of time and space. The Mexican government went directly against neoliberal prescriptions regarding limitation of state involvement in economic development, and invested heavily in a tourism industry focussed on sun and sea, with significant economic earnings. However, this economic achievement came at great social and environmental cost. Large-scale dislocations of local populations occurred, local elites and transnational corporations captured tourism revenues, and large-scale destruction of natural habitats occurred in the name of simulated tourism experiences.

Another instructive international example is the experience of tourism planning in the Baltic Sea Region (Jaakson, 2000). Although the context is different from the South African one, in that this region is a confluence of developed economies and economies in transition from the Soviet form, the lessons regarding the linkages between grand and local narratives in development planning and, more particularly, the appropriation of the local by the grand in globalisation, are instructive for developing countries. This experience also shows how an emphasis on local narratives (in true post-modern fashion) does not automatically insulate communities from capture of benefits by local elites, as local narratives are not unitary and speak for different people.

Alternative forms of tourism have arisen both in the context of the environmental and social costs associated with mass-based tourism and of the changing tastes of travellers from developed countries. These alternative forms have been labelled in many ways, including eco-tourism, cultural tourism, educational tourism, scientific tourism, adventure tourism, academic tourism and agri-tourism (cf. Palmer & Viljoen, 2002). These alternative forms have taken on both neo-modern and post-modern hues. From a marketing perspective, these alternative forms have allowed space for the creation and exploitation of new market niches, particularly for regions in the developing countries that have been "untouched" by mass-based tourism and retained "authentic", non-Western lifestyles (cf. Palmer & Viljoen, 2002). From a developmental perspective, these alternative approaches have been framed in terms of the sustainable development debate, in terms of which they have been placed in the context of participatory development, natural resource management (including its community-based forms), ecological sustainability, human rights, and social and political empowerment (cf. Cottrell, 2001; Fabricius, 2002). The irony associated with exploitation of these alternative forms of tourism, particularly the much-vaunted eco-tourism, is the turning of the basic requirements for sustainable development into an

economic virtue, into a basis for profit. Exploitation of this new opportunity for profit could have unfortunate consequences for communities in that a powerful means for legitimation of profit extraction is provided that can mask elite development and marginalise communities from their last remaining resources. The sustainable tourism development and community-based natural resource management approaches are attempts to counter this danger (Cottrell, 2001; Fabricius, 2002), as is the approach Palmer & Viljoen (2002) characterise as Afrikatourism (see section 3.2.4 below).

3.2.3 Costs and benefits associated with tourism

Some examples of the costs that can be associated with tourism development were given in section 3.2.2 above. In this section, I focus more specifically on the costs and benefits associated with tourism.

Classically, assessment of the economic benefits associated with tourism has been calculated with increasing degrees of abstraction as one moves from the local to the national economy (Muller, 2000). Assessment of local economic benefits has focussed on earnings generated by accommodation, food and entertainment, tour operators, local taxes, entrance fees, arts and crafts, and local produce, whereas regional and national economic benefits have been assessed in terms of formulae for calculation of gross geographic and gross domestic product (Muller, 2000). Difficulties in assessing the proportion of economic activity in any locality that is directly due to non-resident visitors have been ascribed to the unreliability of visitation figures, difficulties in separating local and visitor expenditure on amenities and services, and difficulties in separating out expenditure by business visitors and tourists (English, Marcouiller & Cordell, 2000).

The economic costs of tourism have classically been calculated in terms of the opportunity costs of foregone alternative land use and the marginal social costs of increased tourism density in a defined area (Muller, 2000). Conventional cost-benefit analysis, in terms of which the point of intersection of net social benefits and net social costs is determined, does not allow for due consideration of environmental sustainability. Additional instruments, such as those used in environmental impact assessments and environmental auditing, are required (Muller, 2000). These are applied in South Africa as requirements for authorisation from the environmental authorities for change of land use and a range of infrastructure developments.

A summary of the advantages of sustainable tourism development from a Dutch international development agency's perspective broadens the scope of consideration of costs and benefits, but does not deal with the nuances of social, cultural and political systems and does not provide the basis for critical analysis of actual practice (Cottrell, 2001). Advantages of sustainable tourism are described in terms of re-evaluation of cultural identity by local populations, promotion of inter-cultural understanding, initiation or support of development projects by tourists, increasing the economic value of natural resources, increasing environmental awareness, and protecting natural resources from more exploitative economic activities such as agriculture and forestry. Socio-cultural and ecological threats associated with inappropriately managed tourism are described in terms of alienation and loss of cultural identity, creation of friction within communities (e.g. in terms of access to tourism earnings), disruption of socio-economic structures, conflicts over resource utilisation, and damaging or over-exploitation of natural resources.

Cottrell's (2001) approach borrows from the micro-perspectives approach to development (cf. Coetzee, 2001) which, although important as a counter to imposed development, is not sufficient for analysis of the role of economic structure and the place of agency in the global economic context. Further insight into the value of contextual, critical analysis of tourism development is provided through a review of a selection of case studies reported in the international literature.

The Mexican example quoted above pointed to the social and environmental costs associated with neo-modern forms of tourism there, including the capture of economic benefits by the more powerful fractions of local capital and transnational corporations. Involvement of transnational corporations did, however, also offer advantages appropriate to the mass-based tourism market, in terms of the use of international brand names, which reduces risk to the international tourist, and the activation of international booking and marketing arrangements that target the high-spending end of the tourism market (Clancy, 2001). The example from the Baltic Sea Region, also quoted above, showed how an emphasis on local narratives does not automatically guarantee equitable development.

A case study of strategic tourism planning in Hiiumaa, Estonia, has shown how active embracing of local and cultural landscapes in a participatory planning process could be useful in slowing of the pace of tourism development to allow adaptation of natural

and social systems to change (Jaakson, 1998). In this case, a participatory strategic planning approach also allowed for identification of strategic opportunities and an assessment of viability in terms of local natural and social resources and systems. Remote or rural localities were also able to assess comparative advantage and to agree on appropriate means of exploiting such advantage in the context of local needs.

Research on tourism in Prague, Czech Republic, following the collapse of the Soviet Union, has shown how an embrace of the neo-liberal paradigm dominant in world capitalism can crowd out other urban functions aimed at establishing greater social and economic and social equality and inclusiveness and protection of cultural heritage (Cooper & Morpeth: 1998). Active strategic interventions in tourism planning are required to oppose the McDonaldisation of urban landscapes and urban organisation, such as has been achieved in Amsterdam, The Netherlands. This requires more active intervention in tourism planning by the state and the definition of parameters for private sector investment in tourism. Community organisations can also be mobilised in response to the legitimation crisis faced by neoliberal capitalism.

Research in Guatamala has shown how exhibition and performance for tourism has incorporated global flows of people, commodities and ideas into their households, while giving these a local interpretation (Little, 2000). These public enactments of the private household/domestic sphere have not only provided access to the economic benefits of global tourism, but have changed gender relations within these households in terms of social and economic organisation, allowing women to assume a more active role in household reproduction than has been the case historically. This case study also illustrates the capture of tourism markets by particular households, and the work required to ensure continued tourist interest by creating myths of "authentic" cultural performances.

These case studies indicate the importance of contextual analyses of the advantages and disadvantages of particular tourism projects, including consideration of the political economy of tourism development. Without such analyses, tourism development will entrench existing socio-economic inequities and contribute to further marginalisation of communities who receive tourists.

3.2.4 *The South African experience*

South Africa has entered the international tourism market fairly late and has been disadvantaged by the challenges of reconstruction and development, the privileging of neo-modern forms of tourism, poor treatment of foreign visitors (particularly black visitors), a pervasive negativity regarding the country and its future, and the contagion effect associated with highly publicised incidents of socio-political upheaval in Southern Africa and crime within South Africa (Palmer & Viljoen, 2002). South Africa's tourism marketing initiatives through South African Tourism (SATOUR) have targeted the high-spending end of the international tourism market, which is the most fickle and most likely to change destinations due to media reports of socio-political uncertainty and safety concerns. It has concomitantly underemphasized underdeveloped regions of South Africa, such as the Eastern Cape, and budget tourism, which is more geared to adventure, encounter with local people and local culture/heritage, and caters for people who are less likely to be frightened by isolated incidents of crime or violence against tourists. The latter kind of tourism, although less supportive of luxury accommodation, is more likely to foster community partnerships by attracting tourists who seek variety of experience on which they are prepared to spend money.

Private sector tourism in South Africa is still concentrated in the hands of white operators and is still focussed on the neo-modern end of the market, with its emphasis on luxury accommodation and simulated experience (Palmer & Viljoen, 2002). These simulated experiences include cultural villages such as Shaka Land in KwaZulu-Natal. The experience with the majority of cultural villages has been that, even though "indigenous culture" is celebrated, it is of a contrived and frozen kind and does not include many strong economic linkages to local communities. An exception is the Mavhulani Bush Camp initiative, which is located in the northern part of the Limpopo Province (Palmer & Viljoen, 2002; Viljoen & Naicker, 2000). This private initiative has fostered close linkages with the local community through the leasing of land for a bush camp from the local community, the employment of local people, and the establishment of a centre for local crafts. Local people are not used as curiosities, at exploitative wages, and developments are negotiated with them. Effort is made to spread benefits to the local community. In other words, even though it is a privately funded initiative, it is based on a negotiated relationship that draws on the strengths of the local social and natural context.

The new "Afrikatourism" is emphasising not only ecotourism, with its celebration of South Africa's natural beauty and the need of "new tourists" for adventure and variety of experience, but also South Africa's cultural heritage (Palmer & Viljoen, 2002). The latter includes exposure of tourists to South Africa's "living culture" (e.g. township tours and accommodation, and experience of rural life in the former Bantustan areas), sites of historical interest (including "struggle tourism"), arts and crafts and performance culture. In the Eastern Cape, this notion of Afrikatourism is seen as most appropriate for the former Transkei, as it would build on local strengths and would complement the initiatives in the western part of the province that are aimed at the more traditional market. Those initiatives emphasise luxury accommodation (in urban areas and in luxury nature reserves), hunting, entertainment (including gambling) and beach resorts as well as adventure sports in non-interactive settings. The eastern side lends itself to community based tourism in which local reserves, cultural and heritage tourism are emphasised, and in which communal forms of land tenure are not viewed as constraints but as the institutional arrangements within which tourism attractions should be developed (albeit with formalisation of tenure arrangements through available legal instruments, such as the Communal Property Association Act).

The Eastern Cape currently attracts mostly domestic tourists, including members of the old white elite and a large share of the emerging black elite (Palmer & Viljoen, 2002). This market is likely to be less fickle than the overseas one, for which South Africa (and the Eastern Cape) are among many interchangeable destinations. This is in spite of South Africa becoming more attractive as a tourism destination following the political transition and the emergence of leaders with wide international appeal, with the reduction in air fares following allowance of greater competition between air carriers in terms of fares and routes, and through the devaluation of the Rand which has made South Africa a cheaper destination for foreign tourists.

The eastern part of the Eastern Cape (the former Transkei in particular) could build on its existing strengths, which are domestic tourists and international budget tourists (e.g. backpackers) (Palmer & Viljoen, 2002). The latter are drawn to new and varied experiences (the quintessential "new tourists") and are therefore less likely to be dissuaded by international media reports of crime and political instability. Although these budget tourists generally spend less money on accommodation than those at the high-spending end of the market, they are more likely to spend money on local events, cuisine, entertainment and arts and crafts. They are also more likely to value

interactions with local communities. Tourist spending of this kind is more likely to put money in the hands of local people than are exclusive tourism initiatives that expropriate profits to domestic or foreign urban centres and whose main local benefit is through the limited employment offered to local people.

Community tourism initiatives that are built on local partnerships (even where private capital investment occurs) can utilise local resource utilisation practices (such as harvesting of natural products) as interesting parts of the local setting rather than as practices that need to be controlled for the sake of an "authentic" bush experience (Palmer & Viljoen, 2002; Viljoen & Naicker, 2000). Such initiatives are more conducive to the communal property resource management framework that is gaining prominence both locally and internationally (Fabricius, 2002).

It is important not to overestimate the advantages/benefits of community-based tourism, as community support could erode rapidly when these benefits do not materialise (Viljoen & Naicker, 2000). Local organisations, such as local civics, can be useful in resolving conflict between a tourism initiative and surrounding local communities, e.g. conflict around uncontrolled grazing in an area used for nature-based tourism. The role of traditional authorities in recruitment of local people could lead to advantaging of those with closest links to those authorities. Profit-sharing arrangements could lead to disillusionment within communities keen to see tangible economic benefits within a short space of time, as advantages take a long time to accrue – up to 10 years (Viljoen & Naicker, 2000).

3.3 Perspectives on rural development planning

For the purposes of the Mbashe case study, a review of approaches to LED and tourism development is not sufficient. What is also required is consideration of perspectives on rural development planning, given Mbashe's largely rural context.

A useful starting point for a discussion of rural development planning is an examination of the theoretical lessons in rural development planning and practice that have emerged from India's experience. This is not because India and South Africa are alike in all respects, but because these lessons are a useful entry point for a discussion of theoretical issues pertaining to rural development in a developing country in the current context of global capitalism.

Katar Singh (1999) emphasises the importance of rural development in supporting and entrenching the economic, social and political development of developing countries (in close articulation with urban development), and recognises the role of both agricultural and non-agricultural sub-sectors of the rural sector of a developing economy. He makes a strong argument for formal rural development planning, showing how the needs of the rural poor are usually bypassed if the state plans for macro-economic growth only, or when it relies on the market for development (even with varying degrees of market regulation and using a range of market signals). He shows how structural changes are required in the rural economy to ensure that rural income and livelihoods are secured, that national economic development is more equitable (in geographic terms and in terms of the positions of particularly vulnerable sectors and sections of the population), that food security is promoted, that robust and endogenous economic growth is encouraged, and that sustainability of development (in both environmental and financial terms) is ensured. He points out that the agricultural sectors of developed countries are strongly supported, even while these countries promote the rolling back of supports (such as agricultural subsidies and import controls) to the agricultural sectors in developing countries (usually through multilateral institutions such as the World Bank, the International Monetary Fund and the World Trade Organisation).

Support of rural development planning and implementation by the central government could be in the form of a regulatory framework, macro-economic management (including instruments of monetary and fiscal policy), a policy framework for integrated rural development, budgetary allowances in support of rural development policy requirements, equitable shares of national revenue to allow state and local level government institutions to support rural development, developing and supporting a network of institutions providing credit, research, training, management, production, and marketing support to rural development initiatives. Central governments can only plan at a macro or aggregate level and have to rely on state (provincial in South Africa) and local level government institutions for a disaggregation of development planning to ensure that the needs of rural people, particularly the poor and marginalized, are met.

For Singh, development of the agricultural sub-sector of the rural sector of the economy is of particular importance. This is not only to ensure food security and the development of rural livelihoods, but also to ensure that overall economic growth is supported through optimal usage of agricultural resources. For this to occur

agricultural practice needs to be modernised and backward and forward linkages need to be optimised. This requires appropriate institutional support, effective and efficiently delivered credit, interventions in the supply of agricultural inputs and in the processing and marketing of agricultural products (processed and unprocessed), and support of innovative practice by rural people. Cooperative institutions responsible for credit, management of input and marketing, and processing of agricultural produce/products are of crucial importance. Key to the success of such cooperatives are voluntary membership, democratic control by members, appointment of skilled staff working for the members, and improved purchasing power and economies of scale through a network of cooperative institutions operating at local and more aggregate levels.

According to Singh, there is a need for an integrated institutional network that fosters both vertical and horizontal integration of planning. The vertical linking of national, state and local government planning with each other and with micro-level actors and institutions is essential to effective mobilisation of resources in support of local effort. Similarly, horizontal integration of planning and implementation (e.g. integration of various sectoral initiatives) allows for optimal leverage of scarce resources through limitation of duplication and mutually supportive effort. Such integration requires strong and appropriately organised government institutions, mobilisation of the full range of institutions (including cooperatives, voluntary and non-governmental institutions, parastatals, research institutions and private corporations), and preservation of independence of economic planning.

According to Singh, mobilisation of domestic financial resources, both institutional and non-institutional, allows for greater control of the form of economic development in favour of local needs, as the use of foreign resources could be to the detriment of endogenous economic development. With regard to the latter, care should be taken to avoid loans from foreign governments and multi-lateral institutions when conditionalities enforce blueprint economic development, limit responsiveness to rural needs and limit the state's ability to promote equitable development. Technical support by foreign institutions is preferable to foreign loans as this kind of support does not increase the national debt burden and does not tie the country to conditionalities (of course, technical support can be a double-edged sword – see below). Mobilisation of domestic resources requires a strong institutional framework through which credit can be provided efficiently and in a manner appropriate to the needs and structure of rural enterprises, and through which domestic savings can be

utilised for productive investment. Local level credit institutions, including credit cooperatives, require active support to ensure financial sustainability. This requires appropriate institutional structures and systems, skilled staff and adequate financial resources. Although non-institutional sources of credit often charge exorbitant rates of interest, their pervasiveness points to continuing limitations of institutional credit in rural areas.

Singh argues that monetary and fiscal policy interventions should to be combined to optimal effect in support of equitable growth and development of the rural economy. Trade-offs between various actions, such as deficit financing, exchange rate devaluations, and manipulations of the money supply and interest rates should be acknowledged and the risks attached to various combinations of interventions should be calculated.

For Singh, even with the best legislative framework, integrated rural development policies and programmes are not enough. Effective institutional arrangements, optimal mobilisation of domestic and foreign resources, effective mobilisation of rural people (particularly the poor and marginalized), and effective project management are required to ensure that resources are effectively deployed at the micro level, that objectives, milestones and beneficiaries are clearly defined, that finances are well managed, that implementation is monitored, that concurrent and *ex post* evaluations occur and that corrective action is undertaken where necessary.

There are many practical challenges to rural development, both at macro and micro levels, and there are also many different and overlapping discourses on what constitutes development and which means are most effective in attaining stated development goals and objectives. These discourses, or theoretical and ideological frameworks, are not always explicit and are often invoked simultaneously and in a contradictory fashion. The important theoretical (indeed meta-theoretical) question is whether this "post-modern context" is an inevitable fact or whether it hides powerful counter-revolutionary narratives mobilised through international and multilateral institutions and taken up by local elites (see section 4.1 below for a discussion of the deployment of such narratives in the South African context).

Singh's concerns and criticisms of the roles of the state and international institutions (including multi-lateral institutions) echo concerns that have been raised in a number of other countries (cf. Adedeji, 2002; Adésínà, 2002; Bond, 2000, 2001a & 2001b;

Mamdani, 1994). For example, he laments the failure of effective integration of institutions and programmes, problems with mobilisation of domestic financial resources, capture of development programmes and projects by elites, promotion of policies by developed countries that are not applied on their home soil, a "capital fundamentalism" (Singh, 1999: 29-30) in terms of which under-pricing of capital limits the scope for labour intensive production, limitation of the scope for endogenous economic development by suppliers of international credit, the unequal distribution of the fruits of economic growth in the absence of focussed structural interventions by the state in the national economy, and failure to make institutional arrangements serve the poor and marginalised sections of the population.

On the international front, Singh adopts some of the insights of the dependency school in assessing the roles of developed countries and multilateral institutions in developing countries. However, he does not fully explore the roles of multinational institutions such as the International Monetary Fund, the World Bank and the World Trade Organisation in promoting neo-liberal policies in developing countries through conditionalities attached to financial support (cf. Bond, 2001a; Mamdani, 1994) or through technical advice in areas such as land reform (cf. Williams, Ewert, Hamann & Vink, 1998), water supply and sanitation (cf. Bond, 2001a), and economic planning (cf. Adedeji, 2002; Adésínà, 2002; Mamdani, 1994). He also does not fully explore the vulnerabilities of an open economy to speculation on world financial markets (Bond, 2000), or the roles of multinational corporations in attaining domination of seeds and agricultural inputs in the name of modernisation. His analysis avoids exploration of global capitalism's crisis of overaccumulation, the various forms this crisis takes and the various ways in which it is shifted or delayed (cf. Amin, 1994b; Bond, 2000; Klerck, 2001). This limits his ability to explore the multiple ways in which domestic and international elites capture political, social and economic institutions (at all levels) and limit options for truly equitable development (cf. Bond, 2000 & 2001b). Finally, he does not explore the options for regional cooperation in building a bulwark against the most destructive influences of global capital while building regional chains of production and trade and pursuing endogenous economic policies that effectively address poverty (cf. Adedeji, 2002; Amin, 1994b).

In spite of these limitations, we can draw on Singh's description of lessons from the Indian experience in thinking through the complex, multi-layered nature of rural development planning and practice. In addition, we can draw on the rich African critical tradition to chart a course that avoids the difficulties to which Singh points and that leverages his lessons to optimal effect.

4 MBASHE IN POLICY AND PLANNING CONTEXT

In this chapter, I attempt an overview of the most critical policies and strategies for economic development in Mbashe. I avoid many of the pieces of sectoral legislation, policy and strategy (such as those on social development, environmental management, water resource management, water supply and sanitation, public works, etc), the implementation of which would have definite impacts on the lives of people in Mbashe. I focus instead on those policies and strategies concerned with growth and development, spatial development and integrated development.

To this end, key policies and strategies mobilised at macro, meso and micro levels are reviewed below. This is done in terms of the following sub-sections: South Africa's macroeconomic strategy, integrated rural development planning, provincial planning in the Eastern Cape, the Wild Coast SDI, and the integrated development planning process at municipal level. Conclusions drawn during this review are based on documentation, interviews and my own experience.

4.1 South Africa's macroeconomic strategy

South Africa's macroeconomic strategy sets the broad parameters within which economic development can occur, and, therefore, is of direct relevance to LED in Mbashe. It is important to understand the contents of this strategy and its place in debates regarding the role of the state in economic growth and development.

The *Reconstruction and Development Programme* (African National Congress, 1994) and *Growth, Employment and Redistribution: A Macroeconomic Strategy* (Government of the Republic of South Africa, 1996) are the key texts in terms of which contestation around development goals, objectives and programmes in South Africa have been expressed. Both are written expressions of the policy objectives of the first democratically elected government of South Africa, but there are disagreements regarding the extent and manner of their articulation with each other.

Debates around the Reconstruction and Development Programme (RDP) have been characterised in terms of left- and right-readings, with an acknowledgement of a range of theoretical positions even within these two broad categorisations. The most intense debates have usually centred on Growth, Employment and Redistribution: A

Macroeconomic Strategy (GEAR), with the RDP used, in many instances, as a measure of divergence from the broad consensus around reconstruction and development achieved prior to the first democratic elections. Some critics of GEAR have argued for a radically different approach to macroeconomic policy, whereas others have argued for an intensification of the policy prescriptions contained in GEAR, arguing that GEAR's indisputable failure to meet its own policy objectives has more to do with the way in which it has been implemented than with the fundamental validity of its logic. Yet others have argued for tinkering with elements of GEAR, for example monetary policy, management of the fiscal deficit, etc. Behind these debates have been global contestation regarding approaches to development, particularly regarding the hegemonic Washington Consensus and its weaker and younger sibling, the Post-Washington Consensus.

In this section, I attempt to outline the main aspects of both the RDP and GEAR while exploring the theoretical and social processes that informed them. I then attempt to examine the implications of these two policy papers for rural development, drawing on the on-going debates regarding the policies and programmes best suited to establishment of effective socio-economic justice and eradication of poverty.

4.1.1 The Reconstruction and Development Programme

The RDP should be viewed in its historical context of struggle against the apartheid system. Extending the colonial spatial, political and economic forms beyond the formal withdrawal of the colonial power in support of a narrowly defined national interest, the apartheid system effectively restricted the black population to labour reserves and racially defined urban townships while denying them political rights and economic opportunity (cf. Bundy, 1979; Hendricks, 1990; Platsky & Walker, 1985). Sites of agricultural accumulation by black people were effectively destroyed and a black rural proletariat was created. The migrant labour system allowed a regular supply of labour to the sites of industrial and mining capital accumulation, while shifting the burden of labour reproduction to overcrowded Bantustans.

Politically, a bifurcated system of citizenship was created in terms of which the majority of the population had limited rights as subjects of ethnically and geographically defined groupings rather than full citizen rights (cf. Mamdani, 1996). This system was established and maintained by force and saw the disruption of social and family networks, the racial distortion of skills development and service

provision, and the entrenchment of inefficient and corrupt traditional authority and Bantustan bureaucracies. Capital accumulation was not only racially defined; it was also monopolistic in character, with a handful of large conglomerates controlling much of the economy (cf. Bond, 2000; Fine & Padayachee, 2001).

The struggle against this system found its voice in the work of individuals (cf. Plaatje, 1986(1916); Mbeki, 1964) and in the statements of movements. One of the landmark statements of the aspirations and demands of a growing movement against the apartheid system was the Freedom Charter (Adopted at the Congress of the People, Kliptown, on 26 June 1955). This document followed a broad rights-based approach, and was not so much an analytical document as a vision for mobilisation against an oppressive system and for a new dispensation to follow that system. Although analyses that underlay and extended the goals of the Freedom Charter could be found in the work of individuals and organisations, there was no analytical or programmatic consensus within the broad movement against apartheid.

A broad programmatic consensus was eventually reached in the form of the RDP (ANC, 1994), which went through 6 drafts and embodied the inputs of a wide range of people and organisations. It was finalised soon after the adoption of the Interim Constitution and served as the broad programmatic means to the socio-economic rights embodied in the constitution. Both the RDP and the Interim Constitution constituted moves away from some of the more radical calls of the Freedom Charter, such as the call for large-scale redistribution of land (cf. Williams, Ewert, Hamann & Vink, 1999). Both the RDP and the Interim Constitution were consensus documents meant to serve as the broad frameworks for the establishment of a democratic South Africa.

The RDP served as the election manifesto of the ANC in the first democratic elections in South Africa in 1994, and was based on 6 basic principles (ANC, 1994): an integrated and sustainable programme, a people-driven process, peace and security for all, nation building (which included promotion of equitable economic growth and socio-economic development), linking reconstruction and development, and democratisation of South Africa. These principles were to be promoted through 5 key policy programmes (ANC, 1994): meeting basic needs, developing South Africa's human resources, building the economy, democratising the state and society, and implementing the RDP.

Each of these policy programmes included broad programme prescriptions for the reconstruction of a society devastated by apartheid, for the establishment of a democratic dispensation (including the institutions of democratic governance – all of which were already described in the Interim Constitution, constrained though they were by the insertion of the so-called "sunset clauses" that, amongst other things, entrenched existing property rights – cf. Bond, 2000), for promotion of the material wealth and dignity of all the people of South Africa (with a particular emphasis on redress), for development of South Africa's resources (particularly its human resources), for equitable economic growth through correction of structural imbalances in the South African economy, and for the establishment of an institutional framework and mechanisms for implementation of the RDP (African National Congress, 1994).

The RDP was to form the basis for a detailed policy and legislative programme undertaken by the new democratic government. This was confirmed through the adoption of the RDP White Paper in 1994, which, however, excluded some of the redistributive elements of the original RDP (cf. Bond, 2000).

There has been much general criticism of government failure to implement important components of the RDP, ranging from criticisms of logistical implementation difficulties (such as state financial and management capacity constraints) to concerns expressed by members of the old elite about unrealistic expectations (and a growing "handout mentality"), the overriding importance of economic growth and the failure of government to get the economic fundamentals "right". Without a critical analysis of South Africa's transition, it would be difficult even for legitimate critiques of the logistical shortcomings of government policy implementation to avoid falling into apology for the *status quo*. A more robust critique can be found in the work of authors such as Bond (2000), Fine and Padayachee (2001), and Michie and Padayachee (1997), to name but a few, all of whom charted the ascendancy of neoliberalism during South Africa's transition. Such critiques have pointed out that even the RDP was a contradictory document, open to both right and left readings, due to insertion of both welfarist and neoliberal elements.

Bond's (2000) analysis of the elite transition in South Africa is incisive. This transition involved the shaping of agency through elite compromises made in negotiations for an Interim Constitution (e.g. the insertion of the so-called sunset clauses) and in a

number of scenario-planning exercises through which the agenda of business gained dominance. To quote Bond (2000: 54):

> *In short, it was critical for status quo forces to establish an artificial distinction between the progressive micro-social policies and what came to be known, ironically, as 'sound' macroeconomic policy, in part by building a myth: the feasibility of combining a social welfare state in the developmental sphere with neoliberalism in the economic sphere. The RDP embodies this conceptual feat, although in practice, ... the RDP chapter 'Meeting Basic Needs' was largely ignored, while the conservative parts of the chapter on 'Building the Economy' were amplified.*

Although containing many important redistributive aspects (particularly in the "Basic Needs" chapter), and important emphases on democratic governance and participatory democracy, the RDP was constrained by the growing predominance of a neoliberal approach to macroeconomic policy in the government. This in spite of work by ANC think tanks such as the Macroeconomic Research Group (MERG) – which later became the National Institute for Economic Planning (NIEP) – in exploring alternatives to neoliberalism (cf. Bond, 2000; Fine & Padayachee, 2001; Michie & Padayachee, 1997).

Important influences in South Africa's elite transition, and the web of constraints within which the RDP was finalised and implemented, were the multi-national institutions through which the neoliberal Washington Consensus was maintained. Although loan support from the IMF and the World Bank during the time of transition was limited, and remains so today, these organisations exerted strong influence on both macroeconomic and sectoral policy development (Bond, 2000; Fine & Padayachee, 2001). The IMF influence came mainly through the requirement of its sanction for the establishment and maintenance of international creditworthiness, whereas the World Bank influence came predominantly through sectoral policy advice (e.g. on land, water and sanitation, electricity, and housing). Emphases on narrowly defined cost recovery strategies and market solutions, and obeisance to economic orthodoxy steered such policies away from the original provisions of the RDP, ignored significant policy and programme development work done by progressive organisations, and constrained implementation. The macro-economic policy framework within which these various sectoral policies were being developed

further embedded neoliberal constraints (see below for a more detailed discussion of GEAR).

These influences dovetailed with the efforts of domestic and international capital to protect (and expand) markets and profits, and with bourgeois fears of loss of privilege. Indeed, a robust critique of this elite transition and the victory of neoliberalism needs to be based on an understanding of the contradictions inherent in the world capitalist system, particularly the crisis of overaccumulation and the shifting and stalling strategies employed to keep this crisis at bay (cf. Bond, 2000).

In spite of the neoliberal constraints on the development of the RDP and its subsequent implementation, the RDP remained an important rallying point for progressive forces in South Africa (cf. Bond, 2000; Congress of South African Trade Unions, 2000). It also continued to be used by the promoters of GEAR in the ANC government to deflect criticism by claiming that they had not abandoned the RDP. Such claims were supported by references to limited policy successes and to continuities between the "Building the Economy" chapter of the RDP, on the one hand, and GEAR, on the other.

Implementation of the RDP was initially coordinated through a dedicated Ministry based in the Presidency. Although embroiled in power struggles within the government (cf. Bond, 2000), this arrangement potentially allowed for coordinated implementation and monitoring of the policy programmes of the RDP, particularly the basic needs programme. However, effective coordination of the planning and budgeting activities of line ministries was never established and fragmented policy development and implementation continued. Final fragmentation occurred when, in 1996, this Ministry was abolished and the RDP was integrated into the policy, legislative and budgetary programmes of the various national line departments. Although this move reflected the realities of policymaking and budgetary allocation within government, the possibility of effective coordination of the massive task of reconstruction and development was severely diluted. The current attempts to implement an Integrated Sustainable Rural Development Strategy (Government of the Republic of South Africa, 2000) could be seen as an implicit recognition of the importance of effective coordination of the complex task of development, applied particularly to rural areas (see below for further discussion of this strategy).

With this fragmentation of planning, implementation and monitoring of RDP programmes and projects, in the context of an elite transition, the RDP had little chance of success. To understand the hardening of constraints on the achievement of socio-economic justice, one has to critically examine GEAR. It is to this strategy that I now turn.

4.1.2 Growth, Employment and Redistribution: A Macroeconomic Strategy

GEAR (Government of the Republic of South Africa, 1996: 1) was developed in terms of the following vision: a competitive fast-growing economy that creates sufficient jobs for all jobseekers, a redistribution of income and opportunities in favour of the poor, a society in which sound health, education and other services are available to all, and an environment in which homes are secure and places of work are productive. It was described as "in keeping with the goals set in the Reconstruction and Development Programme" and as aimed at "implementing the RDP in all its facets" (Government of the Republic of South Africa, 1996:1).

Although GEAR targets one of the 5 key policy programmes outlined in the RDP, namely "building the economy", it is clear (and recognised in GEAR) that any macro-economic strategy will be a fundamentally enabling or constraining factor in implementing the other four RDP policy programmes. It is the question of whether GEAR indeed enables implementation of the RDP that has stimulated the most heated debates within and outside the Tripartite Alliance (cf. Bond, 2000; Congress of South African Trade Unions, 2000; Molaba, 2002). Before I touch on those debates, I would like to give a brief description of the contents of GEAR (Government of the Republic of South Africa, 1996).

GEAR is essentially a strategy for the trimming of the South African economy's sails to allow it to sail closer to the prevailing global economic winds. It was meant to allow for improved organisation of the public service and budgets to promote service provision and to reduce government recurrent expenditure to allow for increased capital expenditure on social infrastructure. It was aimed at restructuring of state assets (through total sales of assets, partial sales to equity partners, or sales with government retaining a strategic interest) to make them more productive and to make available financial resources for a range of state priorities.

It was furthermore meant to mobilise domestic savings and attract foreign investment for economic growth, while supporting sectoral support strategies through budgetary allocations (and relying on correspondingly effective legislative, policy and implementation programmes). Key policy instruments for the mobilisation of domestic saving and foreign investment for economic growth were inflation targeting (as the monetary instrument of choice), fiscal deficit reduction, trade liberalisation (in terms of international trade agreements and to counter the inflationary effects of exchange rate devaluations), relaxation of exchange controls, tax incentives for foreign investors, and public investment in social infrastructure to crowd in private investment, thereby stimulating short-term growth and laying the foundations for long-term growth (however, the options for this were limited by the emphasis on rapid reduction of the fiscal deficit).

GEAR was aimed at building a robust, yet open economy that would mobilise resources for both growth and development. It emphasised that the state did not have the financial resources to pursue the goals of the RDP on its own, and that what was fundamental to many of those goals was a stable, robust and growing economy. It was only through a sufficiently high rate of economic growth that sufficient jobs could be created to allow more people to participate in the economy and share in the nation's wealth, while building a momentum of growth that allowed sustained investment in infrastructure, job creation and provision of social services.

According to GEAR, key requirements for its effective implementation were a social agreement between the social partners (government, labour and business) and effective policy coordination by government in the macro-economy and in the various government line functions. The social agreement was necessary to limit wage demands to what the economy could sustain and to allow for a flexible approach to wage negotiation while committing the private sector to investment and the government to delivery of social services and sectoral support.

As can be seen from the description above, GEAR did contain some provisions for transformation of the inherited economic landscape, such as active involvement of the state in infrastructure provision, supporting greater black participation in the economy, and restructuring the public service (there was wide agreement that the post-apartheid government had inherited a very conservative and inefficient public service that needed to be restructured to serve the goals of socio-economic

transformation). However, its emphasis on liberalisation of the economy, cutting government expenditure, placing basic services into the marketplace (e.g. through privatisation of service provision), deregulation (including encouragement of flexible labour market conditions), and emphasis on preparations for courtship by foreign investors undermined many of the goals and objectives of the RDP. These restrictive policy provisions were firmly in line with neoliberal views on what constituted acceptable economic practice and fitted very well with the expectations of the guardians of the Washington Consensus, namely the IMF, World Bank and the WTO. Some commentators have illustrated the close linkages between the restrictive policies in GEAR and the policy requirements characteristically associated with structural adjustment programmes, referring to GEAR as South Africa's home grown structural adjustment programme (cf. Bond, 2000).

In this regard, the policy prescriptions contained in GEAR have partly been justified by a concern that, unless the South African government gets its economic fundamentals "right", it would face serious macro-economic instability that would require assistance from the IMF, which, in turn, would give the latter space to impose a structural adjustment programme on South Africa (this concern was specifically voiced in the RDP). The question is whether imposing structural adjustment on oneself so as to avoid its imposition by multilateral financial institutions is indeed an action of economic independence.

GEAR contained an explicit rejection of more Keynesian economic practices, such as increased fiscal expenditure to stimulate demand. In an appendix to the GEAR document, the implications of such an approach were evaluated and found wanting on mainly two grounds: (i) the state bureaucracy would struggle to absorb additional financial resources and to prioritise budgets appropriately, and (ii) the very conditions of growth would be threatened. The essence of the argument regarding the second point was expressed as follows on the second page of that appendix (Government of the Republic of South Africa, 1996):

> *The case for a public expenditure driven growth strategy rests on a version of the Keynesian model developed for a closed economy with constant prices prevalent in the 1950s and 1960s. In a modern open economy with mobile capital it is not possible to expand government expenditure without a deterioration in the budget and foreign balances and an increased exposure to a loss of confidence.*

Some commentators on GEAR have argued that a higher fiscal deficit was acceptable, within limits, without thereby adopting a full Keynesian approach and without incurring the economic penalties described in GEAR (cf. Le Roux, 2001). This is particularly so if one considers the effect on the fiscal deficit of inclusion of government liabilities in terms of the Government Employees Pension Fund. South Africa's fiscal deficit, after adjustment for these pension contributions is in fact low by international standards and can be increased without serious economic consequences (Le Roux, 2001).

Commentators focussing on the monetary prescriptions in GEAR have pointed out that there is no evidence that a higher inflation rate is incompatible with economic growth and that interest rates increases to counter inflation were in fact counter-productive (cf. Le Roux, 2001; Michie & Padayachee, 1997). Clearly inflation does affect the poor negatively (particularly through rises in food prices), but there are other ways of protecting the poor, such as VAT zero rating of specific categories of goods, price controls of basic foodstuffs, and more effective exchange controls to protect the South African currency against financial speculation (Michie & Padayachee, 1997).

Some economists have also criticised the fears of state investment in the manufacturing sector in South Africa, pointing to the operation, in South Africa, of the "Verdoorn effect" in terms of which increases in manufacturing output lead to increases in labour productivity which, in turn, stimulates additional investment (cf. Fine & Padayachee, 2001; Wittenberg, 1997). Such economists show that, in South Africa, a more actively developmentalist state can crowd in private investment through appropriately targeted public investment. Failure by the state to stimulate domestic demand, while focussing on export markets, will not allow South Africa to build a robust economy based on internal market requirements and on optimal linkages between economic sectors, or to deal with the twin problems of poverty and unemployment.

There is general agreement that very few of the GEAR targets have been met (cf. Bond, 2000; Congress of South African Trade Unions, 2000; Fine & Padayachee, 2001; Le Roux, 2001; Michie & Padayachee, 1997; Molaba, 2002). Success has been limited to deficit control, containment of the inflation rate and tariff reduction. There have also been limited successes in terms of minor improvements in the

growth rate and some improvement in black economic empowerment, but growth rates have not been anywhere near what was projected in GEAR. Although there have been some inflows of foreign funds, these have either been in the form of speculative finance or in capital-intensive investment with limited job creation. One of the greatest disappointments of government has been the low level of foreign and domestic investments in spite of adherence to neoliberal orthodoxy (limited foreign investment can partly be attributed to the contagion effect on world financial markets, in terms of which all developed countries are tarnished by perceived crisis in specific countries or continents). There has also been continued, and accelerated, capital flight following the relaxation of exchange controls and the permission granted to some of South Africa's largest corporations (controlling a significant proportion of the economy) to move their headquarters abroad and list on international stock exchanges. Finally, labour has not accepted the labour market requirements of GEAR and has fought against the neoliberal social contract advocated in GEAR.

Strongly negative effects have been associated with GEAR. These have included massive growth in unemployment and a net loss of jobs, growing income differentials between the rich and the poor, devastation of local industries following rapid lowering of tariff barriers (e.g. the textile industry), opening of the economy to the vagaries of international speculative finance, failure by the South African state to stimulate economic development through public investment (see above), insufficient protection of labour (particularly in labour-intensive public works programmes), rising costs of basic services associated with privatisation of service provision (or with restructuring in preparation for privatisation), failure of market-based solutions in land reform and agricultural development, failure to stimulate strengthening and diversification of the rural economy, and limitation of the state's ability to restructure the financial sector of the economy (cf. Bond, 2000; COSATU, 2000; Fine & Padayachee, 2001).

Many of these negative effects, however, have not only been a consequence of the adoption of GEAR, but a continuation of economic practices initiated in the apartheid era, supported by compromises made during South Africa's (elite) transition, including continued separation of the Reserve Bank from democratic control (Bond, 2000; Fine & Padayachee, 2001). In addition, the limited possibilities for state intervention that were made possible within the GEAR framework were not sufficiently explored. Other problems not directly attributable to GEAR included failure by some provincial governments to spend provincial budget allocations (often termed "limited absorptive capacity"), limited capacity at local government levels

(particularly in rural areas), logistical problems associated with implementation, duplication of government programmes, lack of effective integration of government programmes undermining opportunities for success (e.g. poor performance by the Department of Home Affairs in the former Transkei area of the Eastern Cape Province leading to issuing of limited numbers of identity documents needed for application for and receipt of social grants), slow processing of land restitution claims and slow disposal of state land, ineffective restructuring of the education system, failure to establish an effective district health system, and failure to establish effective regional chains of production and trade. These problems had much to do with the effectiveness of policy development and implementation and the effectiveness of the bureaucracies of the three spheres of government.

The last point, however, does not have to lead us back to the argument that the failure of GEAR is due to implementation failures on the part of government. It serves rather to make us aware of the practical difficulties of state action and force us to explore particular sectoral difficulties and opportunities for effective integration of the work of line departments and the various spheres of government. This point is recognised by advocates for a more interventionist state (cf. Bond, 2000; Congress of South African Trade Unions, 2000; Fine & Padayachee, 2001).

Arguments for alternative strategies to GEAR have usually taken a neo-Keynesian form (see above). Many commentators arguing from a Marxist perspective (cf. Bond, 2000) have been cautious in their suggestions for the South African economy, even while arguing for a broad-based challenge to neo-liberalism and pointing to the ultimate logic of socialism.

Ultimately, all macro-economic policies have to take account of the global economy and the ubiquitous presence of the IMF, the World Bank and the WTO. Space for economic development outside of the confines of neoliberalism is created with great difficulty and requires establishment of regional production and trade links to form a bulwark against the more destructive effects of global capitalism (Amin, 1994b), active challenge to multi-lateral trade and financial institutions (Bond, 2000 & 2001), and effective continental economic cooperation established on non-neoliberal principles (Adedeji, 2002; Adésínà, 2002). Such a process needs to be built on an understanding of global capitalism, particularly the tactics adopted to stall or shift the crisis of overaccumulation. The answer is not to find ways of prolonging the life of this system, but rather to find creative spaces for the construction of alternatives.

4.1.3 Rural Development in the context of the RDP and GEAR

Many of the development challenges taken up in the RDP relate to rural areas, as these are the areas where the Bantustans were created and from where people continue to migrate in search of employment. It is rural South Africa where the service provision needs are most acute and where the need for economic development is most apparent.

Effective rural development requires strong government institutions (particularly local government), effective integration of government programmes for service provision, effective land reform (particularly tenure reform), effective mobilisation of civil society organisation and the private sector (within a clearly articulated development framework), and effective cooperative institutions to entrench control by rural producers, effective marketing of rural products and effective economies of scale in providing support (cf. Singh, 1999). There is also a need for effective intervention in the financial sector to direct investment flows to agricultural and non-agricultural investment in the rural economy, and to provide rural credit (Singh, 1999).

As indicated above, the further entrenchment of a neoliberal approach in South Africa, signalled by the adoption of GEAR, has limited the state's ability to lead investment in rural areas and has led to the adoption of policies that have made it difficult for the rural economy to develop. Such policies have included privatisation of agricultural marketing boards, limitation of subsidies to black farmers, introduction of market solutions to basic service provision, failure to implement radical reform of financial institutions to encourage financial flows to rural areas, limited infrastructure development and limited wage generation through labour-intensive public works, and reliance on the private sector to invest. Attempts have been made to attract foreign investment through Spatial Development Initiatives (focussing on tourism and agricultural opportunities), but, although in line with the requirements of GEAR, these have not attracted investments (see section 4.4 below for a discussion of investment promotion by the Wild Coast SDI). Packaging of investment opportunities has also threatened to promote elitist developments with limited positive impact on the lives of the rural poor.

The lives of the rural poor have deteriorated under neoliberal macroeconomic policies and the above-stated problems with implementation of government

programmes. Job losses in the mining and industrial sectors have affected the livelihoods of rural households relying on wage remittances, and have put additional pressure on social grants. The latter have proven inadequate in providing a sufficient safety net for the poor (in addition to gross inefficiencies in administration of the system of grants). Agricultural development has focussed strongly on export opportunities and there has been limited work by government to create internal markets for agricultural products and to promote the linkages between the agricultural and non-agricultural sectors of the rural economy that would allow for more robust growth. There has also been insufficient attention to the provision of rural infrastructure and the establishment of production and trade links between rural and urban areas. Instead, rural areas have seen piecemeal and uncoordinated attempts at development.

It is clear that not all of the difficulties in developing rural South Africa can be laid at the door of GEAR (or the neoliberal approach with which it is largely associated). The challenges of establishing effective rural local government, effective coordination of government programmes (within and between all 3 spheres of government), and effective rollout of budgeted programmes (including education, health, housing, water and sanitation, etc.) are key considerations. Other challenges include restructuring of the public service for service delivery (a goal of both the RDP and GEAR), budget allocations and management for rural development, integration of development planning between all spheres of government and the establishment of effective participatory democracy. These challenges are considered further in section 4.5 below, and the implications for Mbashe are highlighted in chapter 6.

The Integrated Sustainable Rural Development Strategy (Government of the Republic of South Africa, 1999) is designed to address these challenges and constraints (see section 4.2 below). Necessary as arrangements such as those proposed in the Integrated Sustainable Rural Development Strategy (ISRDS) might be, they are still being implemented within a macroeconomic framework that inhibits significant state intervention and that places a premium on market solutions. As such, the ISRDS is unlikely to address the needs of the poor in any fundamental way, short of improving the workings of the current, constrained system.

4.2 Integrated rural development planning

In the following sections, I will examine in more detail some of the key strategies aimed at promoting development within rural[6] South Africa, in general, and the Eastern Cape Province, in particular. The first is the ISRDS.

4.2.1 The Integrated Sustainable Rural Development Strategy

The ISRDS (Government of the Republic of South Africa, 2000) is the latest in a series of national government strategies aimed at rural development. It is designed to counter the fragmentation of planning and implementation between the three spheres of government and between departments within the national and provincial spheres. At a provincial level, it should be viewed in relation to provincial growth and development planning which, in theory, is also aimed at integration of government planning.

The IRDS and its predecessors emerged within the South African macroeconomic planning context described above. In 1995, the Ministry in the Office of the President released a discussion document entitled *Rural Development Strategy of the Government of National Unity* (Government of the Republic of South Africa, 2000). This was followed by a process, under the auspices of the Rural Development Task Team of the RDP Office, to develop a comprehensive rural strategy (Government of the Republic of South Africa, 2000). This process was concluded with the release of a document entitled *The Rural Development Framework* by the national Department of Land Affairs in 1997. The Rural Development Framework focused on rural infrastructure, public administration, local government and rural non-farm employment (Government of the Republic of South Africa, 2000). It promoted the establishment of District Planning Units, which would work on data collection, monitoring of resource allocation by government departments in the district, periodic markets and services (also promoted by the Rural Development Strategy), drought

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[6] The definition of "rural" is potentially important to allow one to focus analysis on challenges and opportunities that are particular to rural areas. In the Rural Development Strategy of the Government of National Unity (Ministry in the Office of the President, 1995) rural areas are defined in relative terms as those areas with the lowest levels of services and the greatest average distances to service points. In the Rural Development Framework (Rural Development Task Team and the Department of Land Affairs, 1997), "rural" is defined in terms of sparseness of population, but includes dense settlements created under apartheid in the former Bantustan areas.

monitoring, provision of information to councillors, local government officials and the public, environmental monitoring and impact assessment, spatial planning and Land Development Objectives, local-level planning, and strategic planning (Government of the Republic of South Africa, 2000).

The Rural Development Framework was, however, not confirmed as the rural development strategy of the national government, and was maintained as a discussion document (Government of the Republic of South Africa, 2000). It is not clear why this document was not confirmed, but it could be related to the abolition of the RDP Office in 1996 and the shifting of responsibility for finalisation of the document to a line department rather than a central body housed in the Office of the President. This lack of confirmation meant that the programmes of national and provincial line departments in rural areas continued in an uncoordinated way. Specific problems associated with this fragmented approach included poor coordination, planning, implementation, and limited sustainability of projects (Government of the Republic of South Africa, 2000). District municipalities (known as district councils at that stage) could not coordinate the work of national departments within their areas of jurisdiction and local municipalities could not influence budget allocations within those departments in terms of local-level plans. District and local municipalities also had limited knowledge and understanding of the activities of those departments in their areas. National level projects often did not target local priorities and were experienced more as random interventions. The new local government dispensation has also not been completed, and capacity for decentralised management of development programmes at municipal level was limited.

Following announcement of the intention to establish an integrated and sustainable rural development strategy as one of 6 presidential initiatives in the President's address at the opening of Parliament in 1999, work on the development of the ISRDS commenced. However, fragmented planning and implementation of development programmes and projects by national departments in ISRDS project areas continued (Government of the Republic of South Africa, 2000).

The process of developing the ISRDS was directed by the Deputy President's office, with written contributions from the Development Bank of Southern Africa, the United Nations system and the World Bank (Government of the Republic of South Africa, 2000). Contributions by national and provincial government departments included the *Consolidated Municipal Infrastructure Programme (CMIP)*, prepared by the national

Department of Provincial and Local Government, aimed at providing "funding to municipalities to close gaps in provision of basic levels of infrastructure services to low-income households within a period of ten years and to support the housing programme of government" (Government of the Republic of South Africa, 2000: 17); two strategies prepared by the national Department of Housing and the national Department of Minerals and Energy, the first examining housing delivery within an urban-rural continuum, and the second targeted at communities affected by mining retrenchments, as well as poverty in mining areas or areas from which mine labour is sourced; rural development strategy documents prepared by the provincial governments of the following provinces: Eastern Cape, KwaZulu-Natal, Free State, Northern and North West Provinces; and a report, entitled *The development of an integrated sustainable rural development strategy*, released in March 2000 by the ISRDS Secretariat of the Core Group of Ministers (national government).

The development of the ISRDS was based on these contributions, as well as a review of international best practice (Government of the Republic of South Africa, 2000). That review emphasised the importance of a participatory and decentralised approach to ensure that programmes and projects meet local priorities.

The ISRDS promoted a multi-dimensional approach to rural development, implemented through capacitated local governments, building on local social capital, integrated through the integrated development planning process at local government level, optimising local economic linkages, optimal use of local natural resources, diversification of rural economies, encouragement of participation by the youth, establishing vibrant rural towns functioning as service centres to the rural hinterland, enhanced synergy of investment and programmes in support of LED, reduction of the level of risk faced by the rural poor, and a safety net for the rural poor (Government of the Republic of South Africa, 2000: 19-22).

It was aimed at establishing a spatial focus and targeting of funding and resource allocation based on indicators of poverty and economic opportunity, and on strengthening local management capacity and partnerships. Within this spatial focus, the idea was to build on existing programmes of government while developing new programmes in order to ensure quick delivery. Replication of existing programmes in specific nodes was seen as important to "maximise the multiplier effect and facilitate service delivery, to avoid identified weaknesses, and to find new and innovative delivery mechanisms" (Government of the Republic of South Africa, 1999: 24).

The approach to service provision was to develop a general basket of services, including services by government departments, business, non-governmental organisations, community based organisations and trade unions, which would then be customised for each individual node. Local priorities would guide the selection of the local basket, based primarily on the integrated development planning process at municipal level, but with facilitation of additional community participation where necessary. The importance of infrastructure investment by line departments in supporting social and productive investment and kick-starting LED was emphasised.

Although, ultimately, the intention was that local municipalities should control the selection of their own basket of services through the IDP process, inclusive of strong stakeholder participation, the ISRDS recognised that municipal capacity is limited in many local (and even some district) municipalities. It proposed a strong role for political champions, supported by technical teams, in working with local municipalities to ensure broad participation while building municipal capacity in the various ISRDS implementation nodes. The goal was to facilitate increasing local management of service delivery. Existing support programmes run by the national Department of Provincial and Local Government were also to serve the IRDS process. These included the Planning and Implementation Management Support System, which is aimed at providing district-level planning capacity where local capacity is limited, an updated IDP manual, municipal training by the South African Local Government Association and some national line departments (for example the Department of Water Affairs and Forestry), a provincial support strategy, and a national monitoring system (Government of the Republic of South Africa, 2000: 27).

The ISRDS was not intended to lead to significant increases in public expenditure (Government of the Republic of South Africa, 2000). Rather, it was intended as a mechanism for selection of programmes from a national basket, based on local priorities, supported by existing funding allocations within national line departments. All of these allocations could be added into a consolidated expenditure envelope, which would also include municipal funds and funding from donors, non-governmental organisations and private institutions. Care was to be taken to avoid significant increases in budget flows from the national departments to specific municipalities, as this would not be replicable during a wider rollout of the ISRDS.

The intention was for the funding mechanism described above to evolve over time, with increasing proportions of funding currently allocated to line departments allocated directly to municipalities in the form of intergovernmental fiscal grants. It was foreseen that the same approach to selecting local baskets of services and development of local expenditure envelopes would be followed, with increasing proportions of those envelopes coming from municipal budgets.

Measures that were seen as complementary to the ISRDS included human resource development and capacity building, effective land reform, social assistance and safety nets, coordinated rural finance, and affirmative procurement by government departments (Government of the Republic of South Africa, 2000: 32).

Implementation of the ISRDS was to take place in terms of three phases (Government of the Republic of South Africa, 2000). Phase 1 was aimed at the implementation of the ISRDS in the first three nodes in South Africa. This phase was completed in 2001. Phase 2, which is aimed at further rollout of the ISRDS, supported by realignment of government fiscal flows through the Medium Term Expenditure Framework, and the building of partnerships and local capacity, is currently underway. In the Eastern Cape, this phase has taken the form of an Integrated Sustainable Rural Development Programme (ISRDP) which is now being implemented in three nodes selected according to a range of indicators of income, service delivery and economic development (Statistics South Africa, 2002) This phase should end in 2004, followed by universal coverage by 2010.

Implementation of the first phase of the ISRDS appears not to have been fully successful and it is too early to judge the effectiveness of phase 2 in terms of the stated ISRDS objectives.

The ISRDS has clearly been designed as a strategy for integrated rural development of the kind described in section 3.3 above. However, in addition to the logistical challenges of implementation in a society in the midst of major institutional transformation, it is constrained by the limitation on public expenditure and financial sector reform instituted in terms of GEAR. The latter's focus on market mechanisms for service delivery are also likely to prove disadvantageous to the poor, as the emphasis on cost recovery within profit-driven service delivery agents are likely to place such services out of the reach of the poor (cf. Bond, 2000).

The Mbashe Local Municipality is not included in any of the nodal areas, but is a pilot site for the RuLiv Programme. This donor-funded programme has been adopted by the Eastern Provincial Government as a pilot for its ISRDP, with the intention that the lessons learnt there would influence work in the three nationally-identified nodes and future rollout of the ISRDP (Office of the Premier of the Eastern Cape & GTZ, 2000a).

4.2.2 The RuLiv Programme

The RuLiv Programme is a 3-year Eastern Cape pilot programme, funded by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), and implemented under the auspices of the Office of the Premier, Eastern Cape Province (Office of the Premier of the Eastern Cape & GTZ, 2000a). As indicated above, it has been recognised as a pilot programme of the Provincial ISRDP.

The RuLiv Programme is focussed on two broad programme components, namely (Office of the Premier of the Eastern Cape & GTZ, 2000a: 6):

- *Developing locally specific income generating approaches & opportunities, and the establishment of institutional preconditions for the implementation of these approaches.*
- *Strengthening decentralized Government Institutions in planning, and the provision of locally specific, effective public service delivery.*

The RuLiv Programme has developed from the Community Based Development Planning (CBDP) Project that was initiated in 1997 by the Office of the Premier of the Eastern Cape Province in partnership with GTZ (Rosslee, 2000). The purpose of the CBDP project was "to develop, test and support institutionalisation of participatory planning and implementation approaches for the rural areas in the province, especially in the former homelands [of the] Transkei and Ciskei" (Rosslee, 2000: 2). It concentrated its activities on participatory situation analyses for Land Development Objectives/Integrated Development Plan formulation in two pilot areas, promotion of ownership of integrated development processes by local structures, facilitation of inter-departmental and inter-governmental cooperation in integrated and participatory development planning, exchanges of experiences in the pilot areas, and capacity building at local, regional and provincial levels (Rosslee, 2000).

Following an evaluation of the CBDP Project in November 1999, a project proposal for the broadening of the concept of rural development was developed by a provincial task team mandated by the Director General of the Eastern Cape Province. A Promotion of Rural Livelihoods Programme was initiated as "an initiative to identify a project concept for alleviating poverty in the rural areas of our province through better government service delivery and adapted concepts for local economic income opportunities" (Rosslee, 2000: 2). The institutions involved in the initial development of this new programme were the Office of the Premier of the Eastern Cape, the provincial Department of Housing and Local Government, the provincial Department of Agriculture and Land Affairs, the Provincial department of Public Works, the Eastern Cape Socio-Economic Consultative Council (ECSECC) and GTZ.

An international appraisal team conducted a study in November and December 1999 to obtain the inputs of a larger group of stakeholders and to refine the draft concept (Rosslee, 2000). A study on community development in three provinces in South Africa, namely the Northern (now Limpopo) Province, Mpumalanga and the Eastern Cape, followed in January 2000. A stakeholder workshop, held from 15 to 17 March 2000, allowed for the development of a more detailed project planning framework, in spite of some concerns about the absence of some key stakeholders from the workshop (Office of the Premier of the Eastern Cape & GTZ, 2000b).

A detailed project-planning matrix for the RuLiv Programme was developed in July 2000, followed by a detailed action plan for 2001 (Office of the Premier of the Eastern Cape & GTZ, 2000a). The project was to be tested in two District Municipalities, each of which had a particular pilot Local Municipality. The Mbashe Local Municipality was selected as the RuLiv pilot site within the Amatole District Municipal area. Work in the pilot sites was planned to run over a three year period (from 2001 to 2003), followed by extension of the RuLiv Programme to other areas in two additional three-year cycles, based on success achieved in the first two pilot sites.

The action plan was based on six result areas, each with a number of activities and sub-activities. These were (i) project mobilisation, (ii) identification and implementation of opportunities for income and employment generation based on farming (food security and commercial) and natural resource management, (iii) identification and implementation of opportunities for sustainable non-farm employment and income-generating activities with a view to developing small, medium and micro-enterprises, (iv) assistance to local government structures and

other service providers in coordinating and networking in the interests of effective and efficient service delivery based on the needs of people in the pilot areas, (v) development, testing and application of mechanisms for the strengthening of village self-help capacities, and (vi) establishment and maintenance of a reliable project monitoring system (Office of the Premier of the Eastern Cape & GTZ, 2000a).

Activities designated under these results included surveys, development of models and approaches, facilitation of linkages between public and private sector institutions, support to the development of the capacities of municipalities and local self-help organisations, and facilitation of the implementation of locally appropriate research, planning and project management models (Office of the Premier of the Eastern Cape & GTZ, 2000a). The aim was not to fund development projects per se, but rather to support the development of local institutional capacity and linkages for development, as well as to support the selection and implementation of development projects targeted at well-researched local priorities and needs.

The approach followed by the RuLiv Programme clearly draws heavily on the micro-perspectives approach to development (cf. Coetzee, 2001) and is in support of the establishment of effective developmental local government in the Eastern Cape Province.

Initially, the institutional structure of the RuLiv Programme consisted of a Programme Management Team based in the Policy Research, Planning and Strategy Development Branch of the Office of the Premier, and two RuLiv Facilitators, one in each of the pilot areas. The Programme Management Team consisted of a Programme Manager, a Housing and Local Government Coordinator, an Agriculture Coordinator, an Economic Affairs Coordinator, a GTZ Rural Development Advisor and a GTZ Assistant Advisor. The Team reported to the Social Needs and the Economic Growth and Development Cabinet Clusters and to the Inter-Governmental Forum on a quarterly basis, through the Chief Director of the Branch in which it is based. This integration of the team into governmental reporting lines should have given the programme the advantage of close articulation with other planning processes and on-going sharing of the lessons emerging from implementation of the RuLiv Programme. Plans were made to integrate the programme even more closely into the Office of the Premier, particularly after the accidental death of the first Programme Manager.

However, following initiation of a process of reorganisation of the Office of the Premier, the RuLiv Programme is being moved out of the Office of the Premier and is being placed on a more independent footing. The implications of this are not yet clear, particularly as the implications for integration with the provincial ISRDP are not known.

The RuLiv Programme appears to be a valuable mechanism for utilisation of donor support for the development of sustainable local approaches to rural development in the Eastern Cape. It operates within the existing policy and planning context and is aimed at facilitating creative local responses to planning. Although its close linkages with the Premier's Office exposes it to potentially valuable linkages with provincial plans and programmes, this potential needs to be explored more comprehensively. Its focus is not so much on integration of programmes and budgets of the various spheres of government as on building local economic planning capacity and the skills and confidence of local officials. Its activities do not appear to have added appreciably to the understanding local officials have of provincial and national programmes (some officials have struggled bravely to come to terms with some of these, such as the public works programmes, but have encountered difficulties in accessing information and securing cooperation from officials in provincial and national departments) or their ability to influence these. As such, the work of the RuLiv Programme would not be able to stand as a replacement for the work undertaken in terms of the nationally linked provincial ISRDP.

My argument is that, valuable as a micro-perspectives approach might be in mobilising local energies, synergies and potential, its effects will be limited unless actively articulated (critically if needs be) in relation to strategies and programmes aimed at more structural interventions into the provincial and national economy, and integration of the activities of all three spheres of government. Active and critical engagement between the local, provincial and national spheres of government are required to avoid the imposition of approaches not informed by local concerns.

The work of the RuLiv Programme in Mbashe is explored further in section 5.3.2 below.

4.3 Provincial planning in the Eastern Cape

Following my examination of the macroeconomic and rural development planning contexts in the preceding sections, I now turn to provincial planning in the Eastern Cape. My focus is on the PGDS, the Provincial Spatial Development Plan, other Eastern Cape Government strategies, and the process aimed at developing a new Provincial Growth and Development Plan (PGDP).

4.3.1 The Eastern Cape Provincial Growth and Development Strategy

The Provincial Growth and Development Strategy (ECSECC, 1997) of the Province of the Eastern Cape was developed after adoption of GEAR, and, like GEAR, based itself on the 6 basic principles of the RDP (see section 4.1 above). Also like GEAR, it combined statements of support to redistribution and facilitation of equitable service delivery with a strong focus on economic growth. Although it included job creation and investment in people amongst its "strategic pillars", it emphasised export promotion and encouragement of mass tourism aimed at the high-spending end of the market. Rural development was listed as another strategic pillar, but opportunity for an integrated strategic response was diluted through a mixed bag of "thrusts", in which higher order and lower order "thrusts" were joined and without a clear logic being made apparent. Land reform and restitution, and agricultural development were amongst these.

Public sector reform was recognised as a "thrust", but not a challenge, even though it remains one of the most significant challenges to be faced in the province, as evidenced by the recent establishment of an Interim Management Team following a recent request by the Premier of the Eastern Cape for assistance from the national government in reshaping the provincial administration (*Daily Dispatch*, 6 December 2002). Assistance from the national government has been sought before, during the term of office of the previous premier. One of the most significant public sector challenges in the province has been the integration of the administrations of the former Cape Province (which included the Western and Eastern Cape), the former Ciskei and the former Transkei (the latter were both "independent homelands" under the apartheid system).

A socio-economic profile served as the starting point for the PGDS. This profile emphasised the status of the province as one of the poorest in South Africa, with almost 70% living in rural areas (not defined) whose economic activities are based on government grants, remittances, pensions, informal employment and migrant labour. The per capita income was placed at less than half the national average, and unemployment was estimated at almost 50%. Basic service provision was poor. Finally, it was stated that "economic growth would have to achieve two percent above the national average over a 20-year period to close the Gross Geographical Product gap" (ECSECC, 1997: 8).

With regard to the challenge of job creation, emphases were placed on adding value to primary products and leveraging natural resources to optimal effect, coordinated rural development based on labour-intensive projects, an internationally orientated tourism sector, a targeted public investment programme, encouraging and assisting local government development initiatives, and encouraging investment in the province. The Centre for Investment and Marketing in the Eastern Cape (CIMEC), which was subsequently incorporated into the Eastern Cape Development Corporation[7], was positioned as a key role player in promotion of trade and investment opportunities.

Social partnerships were described as important in mobilising "all the constituents of the Province to drive for [sic] the common target of sustained economic growth" (ECSECC, 1997: 12). Mention was made of existing initiatives such as the Masibambane Campaign of the national Department of Water Affairs and Forestry, community policing initiatives, the Eastern Cape Socio-Economic Consultative Council (ECSECC) and the Community Self-Employment Centre (Comsec), with emphasis on the latter two. ECSECC had been established in 1995, as a partnership between the provincial government, labour, business and non-governmental organisations, to focus on the integration of social and economic policy processes, promoting the goals of economic growth and employment creation, building the

[7] The Eastern Cape Development Corporation is a parastatal functioning under the guidance of a Board appointed by the Eastern Cape Member of the Executive Council for Economic Affairs, Environment and Tourism (ECDC, 2002). It functions to promote economic development in the Eastern Cape through support to the development of the private sector, and operates in terms of the following core business functions: investment promotion, trade promotion, business development service (particularly aimed at non-financial support to small, medium and micro-enterprises) and special programmes. Implementation of SDIs falls under the Special Programmes Unit.

capacity of all constituent bodies, participation and consensus among all stakeholders, and supporting, promoting and focusing provincial delivery of National Government policy pillars. Comsec had emerged from the Regional Economic Development Forum in Port Elizabeth with the aim of supporting small business development. ECSECC has continued to play a role in support of the social needs cluster within the provincial government and in support of LED.

The various strategic pillars, strategic thrusts and challenges listed in the PGDS were not linked together in any coherent structure. Overall, economic growth was to be aimed at increasing levels of employment, social equality, accessible and efficient primary health care, skills development, self-sufficiency/self-reliance, integrated industrial development, export of value-added products, access to international credit and markets, optimised tourism development, secure land tenure, and safety and security (ECSECC, 1997: 14). None of these goals were defined or linked in a coherent fashion.

Included in the list of enabling activities were implementation of SDIs, marketing of the province for investment, implementation of the Development Facilitation Act, LED, restructuring of agricultural corporations and gender-sensitive training (ECSECC, 1997: 14). Again, these were neither defined nor integrated into a coherent structure.

The utilisation of natural resources was described in terms of land reform, farming, forestry development, value addition to agricultural products and tourism (ECSECC, 1997: 18-19). The land reform process had just got underway in the Eastern Cape at the time of development of the PGDS, and much was made of the pilot land reform programme driven by the national Department of Land Affairs. Even though the pilot programme has since given way to a fully-fledged land reform programme, land redistribution and tenure reform remain significant challenges. The PGDS also made much of the establishment of Farmer Support Centres aimed at multi-faceted support to farmers in the former Bantustan areas. Such centres exist at present, but appear to function independently from the provincial Department of Agriculture. Emphasis was placed on the processing of primary products such as wood, wool and mohair. Work on such activities is continuing with significant challenges remaining in the former Bantustan areas.

With regard to tourism, the Wild Coast SDI, which had been launched in January 1997, was seen as an important stimulus for tourism development in the province, as was coordinated and sustainable use of the province's wildlife resources (ECSECC, 1997: 22). However, as will be shown in section 4.4 below, this SDI has had limited success, both in terms of facilitating investment and in improving the lives of people in the area earmarked for the Wild Coast SDI.

Infrastructure development was described as necessary for meeting the basic needs of people and for the attraction of new private sector investment (ECSECC, 1997: 28). However, no clear strategy for public expenditure on infrastructure was described. Infrastructure provision remains a significant challenge, particularly in the former Transkei and Ciskei.

Inter-governmental cooperation was to be focussed on implementation of the Development Facilitation Act and the development of Land Development Objectives (the latter was subsequently integrated into the local government integrated development planning process through legislation at national level). This remains a challenge, as evidenced during discussions at a recent District Workshop, the first of its kind, held as part of the current provincial growth and development planning process (PGDP Project Management Unit, 2002).

Implementation of the PGDS was to be in terms of goals and critical objectives that had been distilled from the policies and plans of each provincial line department, and was to be supported by implementation of a provincial performance management system and a process of restructuring of state assets (particularly parastatals). As indicated earlier, the process of public sector transformation is still underway and is still faced with significant challenges, such as underspending, poor administration and corruption.

The objectives of provincial line departments were poorly defined, in the form of diagrammatic illustrations of a small number of objectives for the five-year period following adoption of the PGDS by the Provincial Executive Council. Actual departmental planning was not coordinated in terms of either these initial projections or the PGDS itself.

Many of the goals and critical objectives set for the various line departments in the PGDS were ambitious, and many have not been met – e.g. regarding employment

growth, increase in economic growth rate, establishment of household food security throughout the province, completion of land tenure models, and sustained increases in agricultural production, amongst others. This was due to a combination of factors, including poor targeting by provincial government departments, lack of integration between departments and different spheres of government, failure to link strategies to fiscal constraints, and the absence of an implementation plan for the PGDS (United Nations Development Programme & Government of South Africa, 2002).

A new process, aimed at the development of a Provincial Growth and Development Plan, is now in the process of being launched and is described in section 4.3.4 below.

4.3.2 Provincial Spatial Development Plan

Unlike the PGDS, which constituted an overall policy framework for development and planning, the Spatial Development Plan for the Eastern Cape Province (Eastern Cape Department of Housing and Local Government, 1997) was intended to give more specific guidance to development activities. Such guidance was directed at government departments and development agencies, the budget formation and allocation process, and the planning processes of District Councils (the latter since superseded by the District Municipalities – see above). The Provincial Spatial Development Plan was billed as one of a series of more detailed plans following the release of the PGDS. The others included a Strategic Economic Plan, an Infrastructure Development Plan, and an Education Development Plan, amongst others.

The purpose of the Provincial Spatial Development Plan was intended to guide and integrate public expenditure, create an attractive environment for private investment, guide other development agencies in terms of the priorities of the provincial government, and guide municipal planning (Eastern Cape Department of Housing and Local Government, 1997: 4-5). In addition, it was to allow for alignment of provincial planning with national planning strategies (including the RDP and GEAR). It was aimed at what was termed a "functionally balanced settlement hierarchy in the province" (Eastern Cape Department of Housing and Local Government, 1997: 13), consideration of the development context within which spatial development was to occur, and targeting of areas of local economic opportunity rather than artificially supported nodes of industrial/urban activity (as was done under the industrial

decentralisation strategies pursued under apartheid). The emphasis was on support of local initiatives, the phasing out of subsidies, and effective land use planning.

Its approach was in terms of three levels, with level one focussed on the provision of basic services in terms of the provisions of the Constitution, level two focussed on building of capacity through prioritised public sector investment in areas of growth and opportunity, and level three focussed on targeted investment aimed at crowding in private sector investment on a project basis (Eastern Cape Department of Local Government and Housing, 1997: 28). This third level was to involve the identification of SDIs, which were seen as nodes or corridors where public sector facilitation and investment could attract private sector investment. Action at the other levels was meant to ensure that development still occurred in areas outside the SDIs, especially with regard to the provision of basic services.

There was strong emphasis on the avoidance of linear development along the coast and, for this reason, the construction of a new national road along the Wild Coast from Kei Mouth to Port Edward was strongly discouraged. The preferred spatial approach was the encouragement of "nodal and corridor settlement by provision of better infrastructure and facilities in targeted areas to manage settlement along transport infrastructure", boosting "local agriculture in terms of the Agricultural Master Plan with the provision of support services and facilities and the revival of unused irrigation schemes", consolidation and densification of urban areas, and reinforcement of "strategic advantages offered by existing coastal industrial nodes" (Eastern Cape Department of Local Government and Housing, 1997: 28). New road development was to link coastal areas to existing service towns and urban areas.

The Wild Coast SDI was seen as building "on the unique tourism and recreational opportunities offered at certain designated nodal development points on the coast. The extremely high agricultural potential of the Pondoland area in the Eastern sector [of the Province] ... [was] seen as an important anchor of this SDI" (Eastern Cape Department of Local Government and Housing, 1997: 36).

This Provincial Spatial Development Plan did not offer much in addition to the PGDS, apart from a more structured arrangement of the latter in terms of planning parlance. It is clear that nodal development, linked through effective transportation routes, was seen as the most fundamental requirement for development (from a spatial development perspective). It offered no specific guidance to planning short of stating

a number of principles, linking these to existing SDIs, and making reference to sectoral strategies of Eastern Cape government departments. In no way did it offer practical guidance to planning at municipal level. This document is still labelled as a draft, even though the provincial government has accepted it, which might be a reflection of the limited attention it has elicited.

4.3.3 Other Eastern Cape Government Strategies

A number of initiatives aimed at more effective leveraging of provincial and national programmes in support of local government's developmental mandate have been launched in the Eastern Cape. These have included work on a rural development strategy for the province, the Integrated Provincial Support Programme, the Integrated Provincial Development Programme, and the Transkei Rapid Impact Programme.

In 2000, the Eastern Cape Provincial Government initiated a process aimed at the development of a rural development strategy for the province (cf. ECSECC, 2001). The Eastern Cape Socio-Economic Consultative Council and the Policy Research, Planning and Strategy Development Branch of the Office of the Premier supported this process. A Provincial Rural Development Framework Document was prepared for discussion at a Rural Development Summit, which was held in Umtata in October 2000. This summit emphasised that the Eastern Cape is a largely rural province and that there are great disparities in development between the Western and Eastern parts of the province (the Eastern part containing the former Ciskei and Transkei areas). Participants in the summit also noted that urban development had been privileged and that active steps needed to be taken to implement rural development initiatives in terms of an integrated programme. A Summit Report contained the summit resolutions (which were scaled-down versions of what had been contained in the Framework Document) as well as a plan for the fast-tracking of rural development in the province. This was followed by the identification of priorities and packaging of projects. In 2001, the Eastern Cape Provincial Government deferred to the ISRDS process at national level (see sections 4.2.1 and 4.2.2 for a discussion of the ISRDP in the province and its relationship with the RuLiv Programme).

Another initiative with potentially important consequences for cooperative governance between the Eastern Cape Provincial Government and municipalities in the province is the Integrated Provincial Support Programme (Government of the

Eastern Cape, 2000), which is funded by the Department for International Development (DFID), United Kingdom. The Integrated Provincial Support Programme (IPSP) promoted the adoption of a district-based approach to provincial government. It divided provincial government departments into three categories. Category A departments (the social needs cluster) were to operate through district offices. The following departments fall into this category: Health, Welfare (now Social Development), Education, and Sports, Recreation, Arts and Culture. Tentative steps have been taken to operationalisation of a district approach to the work of these departments. Category B departments, which included Finance, Local Government and Housing, and the Premier's Office, were to operate through the provincial head office. Category C departments were to carry out their local service delivery functions through local government offices. The following departments fall into this category: Safety & Security, Transport, Public Works, Agriculture, Economic and Environmental Affairs.

In terms of this strategy, the provincial head office of each Category A and C department should focus on policy and legislation, macro strategic planning and research, infrastructural development and management, and coordination of programmes and projects (Government of the Eastern Cape, 2000). In the case of Category A departments, District Offices should focus on interpretation and implementation of policy, micro planning and research facilitation, capacity building, community outreach and partnerships, and service delivery (where not carried out by local government).

The pilot implementation phase was supposed to have been completed by March 2001, followed by an evaluation and adjustment phase (Government of the Eastern Cape, 2000). Further implementation phases were to be undertaken between March and December 2001, after which the co-location of social needs cluster (category A) departments were to take place over a one to three year period. The final goal of the implementation phase is established one-stop service centres for Category A departments in all districts.

There are mixed signals with regard to the IPSP. It has been criticised in provincial government circles as a consultant driven process with insufficient buy-in from key government stakeholders. However, DFID has recently committed additional funding of R 80 million to this programme (*Daily Dispatch*, 26 November 2002). In principle, it does hold promise for more effective integration of the work of the provincial and

local spheres of government, but establishment of effective commitment by provincial government departments is crucial. Such commitment should be possible, as there is commitment to a district approach (PGDP Project Management Unit, 2002), with realignment of the boundaries of service delivery districts to local municipal boundaries (Tom, 2002).

The current approach to the integration of the activities of the provincial government and its parastatals is set out in the *Integrated Provincial Development Programme (2003-2005)* (Government of the Eastern Cape, 2002), which contains the strategies guiding the provincial government's Medium Term Expenditure Framework 2003-2005. This programme is a strategic framework that is still being translated into operational form.

The Integrated Provincial Development Programme is designed to be consistent with the PGDS, the ISRDP and a number of national urban and industrial development programmes (Government of the Eastern Cape, 2002). Its strategic objectives are to build a more integrated provincial economy (partly through building productive capacity within the rural economy), to develop a comprehensive safety net for the poor and vulnerable, and to transform the public sector for development. These objectives have been translated into four "platforms for action", namely promoting industrial growth, building the rural economy, addressing social needs, and public sector transformation.

With reference to building the rural economy, it is noted that industrial development alone (particularly export-focused industrial development) will not be sufficient to create employment and alleviate poverty in the former Bantustans. The socio-economic situation in the former Transkei is described as the worst in the province, with the ISRDP and the Wild Coast SDI still to deliver results, with the public sector not performing well, and with low levels of non-public investment.

The response to conditions in the former Transkei has been packaged as the *Transkei Rapid Impact Programme* (TRIP), "which is an integrated package of interventions designed to deliver high impact projects that will meet immediate needs while creating the conditions for long-term socio-economic transformation" (Government of the Eastern Cape, 2002: 5). The TRIP document itself defines the former Transkei as South Africa's poorest region (based on statistics released by the Municipal Demarcation Board in 2000), with an economy in need of restructuring,

and weak institutions (ECSECC, 2002). It also points to the need for better alignment of the planning processes of the various spheres of government.

TRIP has been packaged in terms of six platforms for action, namely (i) strategic economic infrastructure, (ii) roads, (iii) agriculture and food production, (iv) agro-forestry and beneficiation, (v) social infrastructure, and (vi) institutional renewal (ECSECC, 2002). The projects identified for each of these platforms were drawn from municipal IDPs, and existing plans within the provincial government, parastatals and the private sector, as well as from more specific scoping reports and feasibility studies.

Projects of greatest significance to Mbashe are an East London – Umtata Railway Link (in the design phase, with only a portion of the required funding committed), the proposed upgrading of the N2, also known as the Wild Coast Toll Road (still in the environmental impact assessment phase), the Wild Coast Meander (in the pre-feasibility phase), work on rural access roads in three villages (in the pre-feasibility phase), a Dwesa-Cwebe Water Scheme (construction has commenced in Dwesa), and a Dwesa-Cwebe sanitation project (funds have been allocated for construction of ventilated improved pit latrines).

Two other aspects of TRIP that might have an influence on economic development in Mbashe are the Rural Enterprise Advancement Programme (REAP) and the Local Government Support Programme, both of which still need to be operationalised. REAP is a strategy aimed at securing access to funding for mechanical equipment run by rural contractors and at supporting selected food producers in hiring them.

Although TRIP marks an important step towards integration of planning for the former Transkei, operationalisation and effective inclusion of municipalities will be a challenge.

Returning to the Integrated Provincial Development Programme, further mention should be made of provisions for the platforms for action aimed at addressing social needs and transforming the public sector. Key activities in support of the former are accelerating the delivery of statutory grants, implementation of REAP, eradication of the bucket system (of sanitation), removing water and sanitation backlogs by 2014, implementation of the Provincial HIV/AIDS Implementation Plan, improving health care delivery, implementing the Social Crime Prevention and Victim Empowerment

Programme, and eradicating remaining mud schools (Government of the Eastern Cape, 2002: 7-8). Although action on all of these fronts hold potential implications for Mbashe, the most direct mention of Mbashe is made in the list of focus areas for accelerated delivery of statutory grants and provision of water and sanitation (the latter focussed on the Dwesa-Cwebe area, as indicated above).

The outputs listed for public sector transformation are not specific to any particular municipality, but clearly hold potential implications for all. These are development of a Provincial Growth and Development Plan (see section 4.3.4 below), development of innovative delivery mechanisms (such as a dedicated project management team for TRIP), establishment of a provincial planning centre, supporting provincial cabinet committees and clusters in coordinating and monitoring integrated programmes, implementing a district delivery system (with a "1-stop-shop", or government service centre, earmarked for Idutywa in Mbashe), and improving the work of the Provincial Departments of Health, Education and Social Development (Government of the Eastern Cape, 2002: 8-10).

The Integrated Provincial Development Programme and TRIP do achieve a more concrete and integrated approach to spatial development than any of the preceding planning frameworks. However, district and local municipalities have not participated in the planning process and the plan has tended to gravitate towards existing projects (in various stages of development) without interrogating alternatives. These issues are considered further in chapter 6 below.

4.3.4 The new Provincial Growth and Development Plan

A process aimed at the development of a new Provincial Growth and Development Plan (PGDP), in which I am directly involved, was started in October 2002. This process is being run under the direct management of the Eastern Cape Provincial Director General to ensure cooperation of the most senior levels within the provincial administration and form an effective link between administrative integrated planning and the political leadership. The planning process is being supported by a dedicated Project Management Unit, and is jointly funded by the provincial government, the United Nations Development Programme and DFID.

The PGDP will be developed in two phases, with the first phase aimed at the development of a Strategy Framework, and the second at the packaging of

programmes and projects in terms of that framework. The Strategy Framework, which will be completed by February 2003, will set priorities and targets for the period 2004 to 2014 and guide the development of provincial Medium Term Expenditure Frameworks, annual planning by provincial line departments (including budgeting), and integrated development planning by municipalities. It will incorporate existing planning frameworks such as the Integrated Provincial Development Programme and TRIP (see section 4.3.3 above).

Four Working Groups focussed on different aspects of the PGDP drive the process. These Working Groups are organised around the following themes: economic growth and development, fiscal management and public expenditure, social needs, and governance. Representatives of the provincial government, district municipalities, organised labour, organised business and the non-governmental organisation sector are currently participating in these Working Groups.

The process was launched at an Inception Workshop that secured wide participation. Although only one district municipality participated in this workshop, all district municipalities gave active input on strategic issues emerging from their IDP processes during a dedicated District Workshop, which followed the Inception Workshop. Significantly, this two-day District Workshop was the first opportunity that had been created for representatives of the provincial government and district municipalities to engage in face-to-face discussions around development priorities and planning processes. These discussions were frank and require follow-up and further institutionalisation during the course of the PGDP process (e.g. through a revamped Eastern Cape Intergovernmental Forum). Reference to issues relevant to this thesis will be made in the later chapters.

4.4 The Wild Coast Spatial Development Initiative

GEAR, the Eastern Cape PGDS, the Spatial Development Plan for the Eastern Cape Province, and the Integrated Development Plans of the Mbashe Local Municipality and the Amatole District Municipality all refer to the Wild Coast SDI. Prior to TRIP, this was the planning framework most directly focussed on the former Transkei and of most direct relevance to Mbashe.

In this section, I consider the Wild Coast SDI in broad terms, paying particular attention to its historical development and the current approach to the Wild Coast

SDI. Specific consideration of planning for the Dwesa-Cwebe node of the Wild Coast SDI, which falls within the Mbashe Local Municipal area, is reserved for chapter 5.

The discussion in this section is aimed at showing how the various packages of the Wild Coast SDI were reshaped as it was shifted between various institutional homes. Such shifting occurred in the context of changing approaches to the management of SDIs to allow for more effective administration and in response to the practical difficulties associated with their deployment (including failure of investment packages to attract investment and limited socio-economic impact). During this process of shifting, the Wild Coast SDI moved from its initial roots in the macroeconomic and provincial planning frameworks to a closer articulation with developmental concerns on the ground. As is shown in the discussion of the Dwesa-Cwebe node in section 5.3.1, however, this articulation did not necessarily mean that the benefits of developments related to (but not derived solely from) the nodes extended beyond the nodal areas themselves.

4.4.1 Historical development

The Wild Coast SDI was initially developed during the course of 1997 (Wild Coast SDI, 1997). Initial work on the concept of the Wild Coast SDI had been undertaken during 1996 (Jourdan, Gordhan, Arkwright & De Beer, 1996), but it was only during 1997 that detailed concepts began to materialise. Recognition of a need for greater cooperation between departments in the national and provincial spheres of government led, in July 1997, to the establishment of a Wild Coast Implementation Authority. The latter was established by means of a Memorandum of Understanding between the national Ministers of Transport, Trade and Industry, Agriculture and Land Affairs, and the Eastern Cape MEC for Economic Affairs, Environment and Tourism (DEAT, 2000a). These national Ministers and the MEC formed an Executive Committee tasked with overall control of the SDI, and the national Department of Trade and Industry (DTI) provided the budget for the SDI. This budget was channelled through the Development Bank of Southern Africa (DBSA), and the Centre for Investment and Marketing in the Eastern Cape (CIMEC) acted as the secretariat and implementing agency for the Wild Coast SDI.

A number of approaches were considered during the course of 1997, starting with a nodal approach in terms of which anchor projects were identified and packaged (Wild Coast SDI, 1997). This approach was considered between January and April 1997,

followed by consideration of a coastal road package in the period May to October 1997. The SDI was poised to be launched in terms of this coastal road package, but was repackaged as a nodal strategy when feasibility studies indicated that the proposed road would not be viable. The Eastern Cape Investment Initiatives Conference, held on 7 November 1997, was used to market this new nodal strategy.

A document entitled *The Coast is clear: Opportunities for investment on the Wild Coast* (CIMEC, 1997) was prepared for this conference. In it, the Wild Coast SDI was described as one of a number of SDIs being planned by the national Department of Trade and Industry (DTI) to facilitate private and public sector investment in designated areas with strategic growth potential. These SDIs were firmly embedded within the GEAR policy framework and were aimed at leveraging public infrastructure investment to attract private investors, thereby creating jobs and generating opportunities for small, medium and micro enterprises (CIMEC, 1997). The geographical area on which the Wild Coast SDI was focussed covered an area stretching from the south of Port Edward to the north of East London, and lying between the N2 national road and the coast.

The Wild Coast SDI was conceptualised in terms of three lead sectors, namely tourism, forestry and related down-stream activities, and agriculture and agri-processing (CIMEC, 1997). The assessment of sectoral potential was based on a series of feasibility studies (Wild Coast SDI, 1997). Initially, project packaging was focussed on the tourism sector, with the following four nodes forming the basis for planning (CIMEC, 1997): (i) Mkambati and Mtentu, (ii) Port St Johns, (iii) Coffee Bay and Hole in the Wall, and (iv) Dwesa-Cwebe.

This nodal approach was justified in terms of the following logic (CIMEC, 1997: 8):

> *Development needs nodes, or roots, to cling to in order [to] branch and grow outwards. This principle is well established in development planning and is recognised in the Wild Coast SDI where 4 major nodes have been identified.*

The reproduction of regional inequalities through a nodal approach is considered further in chapters 5 and 6 below.

The relationship between nodal planning and integrated development planning was given very superficial attention. Integrated Development Plans were defined in terms

of the stability offered to investors through clear definition of land use, planning procedures, regulation and control (CIMEC, 1997).

Further work on the packaging of the Wild Coast SDI led to the official launch of the Wild Coast SDI in April 1998. This involved the release of a *Formal Invitation to Submit Pre-Qualification Proposals* (ECDC, 1998) by the Eastern Cape Development Corporation on behalf of the Eastern Cape Ministry of Economic Affairs, Environment and Tourism in cooperation with the National Government Departments of Trade and Industry, of Land Affairs, of Water Affairs and Forestry and of Environmental Affairs and Tourism. Released concurrently with the invitation were a number of prospectuses that marketed the tourism and agricultural projects within the nodes and that introduced the approach to forestry development.

A number of nodes constituted geographically defined packages of investment opportunities, with the Mkambati Nature Reserve, Hluleka Nature Reserve, Coffee Bay and the Dwesa-Cwebe Nature Reserve forming packages of tourism opportunity, and with Port St Johns and the Magwa Tea Estates forming packages of tourism and agricultural opportunity (ECDC, 1998).

The approach to forestry development was conceived outside the nodal framework, and was aimed at promotion of forestry opportunities on communal land. The prospectus on opportunities for forestry outlined the potential for forestry development along the Wild Coast and invited communities and private investors to submit proposals for specific developments. Reference was made to government facilitation of partnership arrangements, based on recommendations regarding best practice then being considered by the national Department of Water Affairs and Forestry. As far as I am aware, no activities related to such forestry development were undertaken within the Mbashe area.

No other versions of a formal invitation to investors have been produced since 1998, although there have been changes in the institutional framework and concept of the Wild Coast SDI.

The packaging and launching of the Wild Coast SDI presented challenges from its inception. The early challenges were summarised as follows by the SDI Project Manager in his progress report of December 1997 (Wild Coast SDI, 1997: 2):

> *The Wild Coast SDI has throughout the year presented opportunities and challenges which indicate its dichotomy, that is, immense potential in an area with total collapse of institutional and infrastructural framework. This challenge has also been compounded by previous economic development approaches and practices which left communities highly sceptical with limited or no capacity.*

During the course of that year, a number of activities had been undertaken to create a locally supportive environment for the Wild Coast SDI. These had included establishment of Consultative Committees, development of local governance models, and an awareness, capacity building and training programme. Training had focussed on tourism, agricultural and forestry concepts and spin-offs, project appraisal and management, and institutional capacity building (partly funded by the Independent Development Trust). Other activities had included the development of empowerment models and an empowerment manual (which had been translated into isiXhosa and workshopped with communities), the development of a business plan based on detailed feasibility studies, a study on SMME opportunities in tourism, business skills training in surrounding villages (undertaken by the Ntsika Enterprise Promotion Agency, a national parastatal set up for such purposes), and a financial services situation/needs analysis (undertaken by Khula Enterprise Finance Limited, a national parastatal set up for such purposes).

That year was also the start of a longitudinal study on the impact of the Wild Coast SDI, undertaken by *Community Information, Empowerment and Transparency* (CIETafrica, 2001). A baseline study was undertaken in 1997, followed by surveys in 1999 and late 2000. Each survey was aimed at examination of levels of basic service provision, economic activities and needs, local environmental resources, organisational capacity and "attitudes relevant to LED" (CIETafrica, 2001: 2), local participation in decision-making and information sharing activities, and bottlenecks to local development and investment. Review of the changes observed in the area of focus of the Wild Coast SDI over the course of the three surveys indicated that access to services had not improved, the cost of public services had increased, levels of food security had dropped, levels of unemployment had increased and

average household income had dropped, interest in small and micro enterprise development had remained limited, and reliance on household loans had increased, with 85% of household loans in 2000 used for purchasing food (CIETafrica, 2001). This was a devastating indictment of the impact of the Wild Coast SDI on the lives of the people living along the Wild Coast of the former Transkei, not only in terms of its failure to stimulate economic activity, but also in terms of its failure to mobilise infrastructural investment that improved the lives of the poor.

One of the great disappointments of the Wild Coast SDI, as indeed of GEAR, was the poor response from private sector investors (particularly foreign investors). The Wild Coast SDI invitation to submit pre-qualification tenders still sits largely unanswered on its website, which has not been updated since July 2001. As indicated above, no new invitation to investors has followed.

In spite of limited tangible impact at the programme and community level, the Wild Coast SDI continued to evolve conceptually and institutionally after April 1998. At the national level, the DTI started integrating the various SDIs into mainstream economic activity. Given the strong tourism focus of the Wild Coast SDI, the national Department of Environmental Affairs and Tourism (DEAT) proposed that it be given responsibility for its overall management. The national Cabinet Committee for the Economic Sector accepted this proposal on 2 August 2000 (DEAT, 2000a; DEAT, 2000b). The Project Management Unit in the DEAT, which had already been established for crosscutting projects of this nature, became the initial unit of management for the SDI process. The DEAT proposed using the DTI budget for the Wild Coast SDI, channelled through the DBSA, to finance its management of the Wild Coast SDI process.

A Project Management Committee, consisting of representatives of national government departments and the Eastern Cape Department of Economic Affairs, Environment and Tourism, discussed a new management structure at its first meeting, which was held on 6 September 2000 (DEAT, 2000a). After additional comments, a new institutional structure was established, consisting of an SDI Project Management Team, a Project Steering Committee, an Implementation Authority, the DBSA, the Eastern Cape MEC for Economic Affairs, Environment and Tourism, and the Eastern Cape Provincial Executive Council and the national Cabinet (DEAT, 2000a: 2).

The new management arrangements allowed for the appointment of a Wild Coast SDI Project Manager by the DBSA for a period of three years, and for the provision of office space and secretarial support by CIMEC. The following five deliverables were defined for the Project Manager (DEAT, 2000b): (i) development of a consolidated conservation area between Port Edward and Port St Johns, (ii) development of an N2 toll road between Umtata and Isipingo, in close collaboration with the South African National Roads Agency, (iii) control of illegal cottage construction and poaching along the Wild Coast, (iv) a comprehensive investment and marketing package, based on the national Tourism Development Framework, and (v) collaboration with the European Union Programme of Support to the Wild Coast SDI and the three implementing agents. No reference was made of the nodes in this list of outputs, although the work of European Union Programme of Support to the Wild Coast SDI was defined in terms of trails linking the nodes.

The Project Steering Committee, consisting of officials of national and provincial departments and chaired by representatives of DEAT or the Department of Water Affairs and Forestry, was to be responsible for project steering, finance, coordination, reporting and monitoring. The Eastern Cape MEC for Economic Affairs, Environment and Tourism and the Ministers of the DEAT and the Department of Water Affairs and Forestry were to function as the Implementation Authority. They were to meet bi-annually and to assume ultimate responsibility for SDI implementation. The MEC was to be the political champion of the reconfigured Wild Coast SDI. The MEC and the two Ministers were to report to their relevant cabinet committees (provincial and national, respectively), which were, in turn, to report to the Eastern Cape Provincial Executive Council and the national Cabinet. The DBSA was to employ the SDI Project Manager, disburse SDI funding and prepare financial reports on the Wild Coast SDI.

This new structure allowed for the integration of the tourism components of the 1998 Wild Coast SDI into the DEAT, and the definition of a new set of deliverables (DEAT, 2000b). The most immediate of the latter were the Pondoland National Park, law enforcement (e.g. with regard to illegal cottages and poaching), and the European Union Programme of Support to the Wild Coast SDI (see below for more information on this programme). These new deliverables were indicative of the integration of the Wild Coast SDI into the DEAT and constituted a new package of activities formulated in the face of the failure of the nodes to attract investment.

The DTI, together with a Community Public Private Partnership, took responsibility for non-tourism issues formerly associated with the Wild Coast SDI, such as furniture production, fibre production and investment facilitation. The DTI also allocated funds for the establishment the N2 Toll Road (which returned, in different form, to the SDI after acceptance of an unsolicited bid by the N2 Wild Coast Consortium, made up of a number of large engineering, construction and toll road management companies).

CIMEC was merged into the ECDC in 2000, and the latter became responsible for housing the SDI Project Manager and providing him/her with secretarial support. The first Project Manager under these arrangements was appointed in April 2001, but remained in the post for a few months only. After his departure, the ECDC took direct responsibility for implementation management. It is to the ECDC's current implementation arrangements and approach that I now turn.

4.4.2 Current approach

The nodal concept, although shifted to the background following integration of the Wild Coast SDI into the DEAT, has emerged more strongly again under the new implementation arrangements, albeit in a less ambitious and more integrated form. The Wild Coast SDI is still run in terms of the institutional framework established in the last quarter of 2000, but with the ECDC now directly responsible for implementation management. Within the ECDC, the Wild Coast SDI is managed by the Manager of the Special Programmes Unit, who is responsible for implementation management of all SDIs in the Eastern Cape. These are the Greater Algoa SDI (includes the Coega Industrial Development Zone), the iMonti-Kei SDI (includes the East London Industrial Development Zone) and the Wild Coast SDI (the Greater Algoa and the iMonti-Kei SDIs emerged from the Fish River SDI).

The Manager of the Special Programmes Unit is assisted by a number of nodal managers, one of whom is responsible for the Dwesa-Cwebe Node. The nodal concept is still being pursued, but with less emphasis on the attraction of large investments in the nodes. Nodes are still seen as useful in helping to market the areas in which they are located and in creating a focus for investment, attraction of skills and people in search of employment. However, the current approach emphasises the creation of good linkage roads between the nodes and the hinterland and the creation of partnerships between communities and tourism investors.

The ECDC owns a number of hotels, such as the New Haven Hotel in the Dwesa-Cwebe Nature Reserve, and sees itself as forming joint ventures with private investors and then phasing itself out over a period of approximately three years in favour of community groups, who would then take joint ownership of such tourism assets. It is also actively trying to build supply chains between tourism assets and surrounding sites of production. The idea is that such sites would eventually supply agricultural produce and fish. Support to SMMEs and encouragement of local agricultural producers to produce high value agricultural crops are seen as important strategies in building these supply chains.

The ECDC's sense, as articulated by the Manager of the Special Programmes Unit, is that subsistence agriculture is dying along the Wild Coast, contributing a diminishing proportion to household livelihoods. It has observed an associated increase in urbanisation. This means that more land is becoming available for agricultural production, and it is on this land that the ECDC would like to encourage cultivation of high value agricultural crops (in line with the ECDC's focus on promotion of the development of the private sector). Existing land tenure arrangements, however, are seen to be a significant constraint (see section 4.5 below for a more detailed discussion of the relationship between land reform and local economic development planning). The ECDC's approach to the land tenure question is to encourage the formation of community trusts that can be the focus of training and financial support and that can enter into legal relationships with private investors. The ECDC would be keen to act as facilitator in the negotiation of relationships with such investors to ensure that community interests are protected and local linkages are optimised.

Other options for under-utilised agricultural land is seen to be the development of community forestry initiatives, as long as tourism potential is not affected. Forestry initiatives could help control soil erosion (but there are also water consumption issues to consider).

Ultimately, the ECDC would like to ensure that development of the various nodes and local supply chains contribute to economic linkages into the hinterland. This is seen as essential to avoid the creation of islands of relative prosperity to which people will flock (thereby harming local aesthetics), and to ensure that all investments in the area are leveraged to the benefit of the wider area. The approach is not to plan all

linkages to the last detail, but to explore and support potential linkages in a more organic and sustainable way.

The Pondoland National Park is not a central thrust of the work of the ECDC, and the Manager of the Special Programmes Unit believes that smaller scale, community-based initiatives that build on the existing linkages between people and their natural surroundings might bring more durable benefits to local communities. The European Union (EU) Programme of Support to the Wild Coast SDI is seen as an important partner in building such community-based tourism projects.

As its name implies, the EU Programme of Support to the Wild Coast SDI is funded by the EU, to the South African currency value of approximately R 80 million. This is a significant investment of resources that rivals public sector investments in the Wild Coast SDI area, as reflected in *Cabinet Memorandum 17/2000: Wild Coast Spatial Development Initiative*:

- Community Based Public Works Programme (CBPWP) investments of R 76.3 million in the three former District Council areas between 1998 and 1999, and R 42.3 million worth of CBPWP fast track investment in 2000 and 2001.
- Combined road infrastructure investments by the three former District Municipalities and the Eastern Cape Department of Public Works of R 80 million by August 2000.
- Funding by the DTI, through the Development Bank of Southern Africa, of the Wild Coast SDI to the amount of R 2 319 681 in the financial year 1999/2000 and estimated spending in the financial year 2000/2001 of R 4 520 999 (taken from correspondence between the DTI and the DEAT on 21 August 2000).

The EU Programme of Support to the Wild Coast SDI was started in 2000 as a partnership between the EU, the DEAT, the Eastern Cape Government, regional structures and initiatives, the private sector, communities and non-governmental organisations (WWF-SA, 2000). The Programme has been planned for implementation over a four-year period. Responsibility for overall guidance to the Programme lies with a Project Steering Committee, which includes the DEAT, the Department of Finance and the ECDC, and meets four times a year. Day-to-day

management responsibility lies with a PMU, which reports to the Project Steering Committee. The three implementing agencies report to the PMU.

PondoCROP is the lead implementing agent and prepares community based enterprises, starting in the north of the Wild Coast area and working towards the south, focusing on the coastal zone 1 km above the high water mark. The Triple Trust Organisation has a target of training 15 920 youths over the four-year period. It is also responsible for the development of local leadership by linking trainees with existing businesses. The World Wide Fund for Nature – South Africa (WWF-SA) is responsible for coordination of the environmental and conservation aspects of the Programme. This includes facilitation of networking and information exchange, ensuring that environmental issues are considered in nodal planning and within the Programme, training community members (including public servants) in natural resource management, establishing multi-use centres, facilitation of cooperation agreements for joint management of six natural areas, and provision of policy and institutional support to government.

PondoCROP's original target was the establishment of 300 enterprises over the four-year implementation period (WWF-SA, 2000). By mid- 2002, PondoCROP reported having started 19 projects, all of which had been taken through the following phases: community mobilisation, geographical location of participating communities, workshopping of tourism concepts with participating communities, formation of interim tourism committees, and formation of community trusts. The practice has been to provide all trustees with training and mentoring support, and to implement monitoring systems. PondoCROP's other roles have included facilitation of cooperation between participating communities and the state over access to state land, and development of a long-term plan for the management of tourism development along the Wild Coast (WWF-SA, 2000). PondoCROP has started its activities in the south of the former Transkei area, where the Dwesa-Cwebe Nature Reserve is located, only recently.

The community trusts own the hiking and horse trail camps and associated assets, and form service agreements with camp managers, catering units and maintenance units (all constituted of local people). Guides and horse owners are also under service provider contracts to the community trusts. PondoCROP reports that previous experience has shown that a four to six day hiking/horse trail can employ 76 people every time a tourist group is taken through.

Quality control is maintained by means of horse care and veterinary care programmes, logbooks and maintenance of a central file record that allows the booking office to match tourists and horses. A horse-breeding programme at Mkambati has proven useful in supplying healthy horses for the horse trails.

There have been concerns regarding a future institutional framework for the management of the trails system, particularly its marketing, central reservations, administration, mentoring and monitoring aspects. Current thinking within the Programme is that a Wild Coast Community Tourism Initiative Business and Support Agency should be formed to provide support to various categories of community tourism enterprises. This Agency could provide a comprehensive support service on a percentage of the revenue generated by member enterprises. Community trusts and associated business management units formed around hiking and horse trails could form a Trail Association which would have direct representation in the Agency governance structure, thereby giving community trusts a coordinated voice in the setting of support priorities.

Of greatest concern is the lack of coordination between the EU Programme of Support to the Wild Coast SDI and the ECDC, as reported by representatives of both organisations. This, and limited coordination between all of these organisations and local municipalities (see section 5.3.1 below) constitute significant impediments to integrated planning and optimal use of resources. Integration is particularly important in the case of the EU Programme of Support to the Wild Coast SDI, as the sustainability of donor-funded projects that are not integrated with existing institutional arrangements could be in question.

Before taking a more detailed look at economic development planning in the Mbashe Local Municipal area, I now turn to a more general discussion of integrated development planning at municipal level.

4.5 Integrated Development Planning at municipal level

As indicated in Chapter 1, in South Africa, the process of integrated development planning, as defined in the Municipal Systems Act, is key to effective planning and allocation of resources to ensure equitable and sustainable development. A key component of the integrated development planning process is the facilitation of LED.

Given South Africa's history, poverty alleviation has to be a key aspect of all planning and socio-economic development. There have been attempts to provide guidance to municipalities in linking LED to poverty alleviation (Department of Constitutional Development, 1998) and to explore linkages between LED and development of service infrastructure a part of a progressive project (ECSECC, 2000). The use of an asset vulnerability framework is useful in developing a clear understanding of poverty and to help define anti-poverty strategies in terms of extension of the asset base of the poor (human capital, social and institutional assets, natural resources, and human-made assets) and supporting poor people in managing these assets (Rogerson, 1998). Municipalities can make a significant contribution in this regard in terms of 5 broad areas of policy intervention, namely regulatory frameworks, access to municipal services, employment creation, security and protection from crime and natural disasters, and coordination and integration. Rogerson (1998) recommends that municipalities develop formal municipal anti-poverty programmes, which should commence with poverty audits around which consensus can be developed and strategies can be developed and prioritised. These can then be incorporated in the integrated development planning process as required by the Municipal Systems Act.

In theory, then, a framework for good governance for the local sphere of government in South Africa has been set and defined in terms of a developmental mandate. The challenge to the state is to mobilise this framework to address the interlinked urban and rural development challenges in South Africa. The challenge to capital is to engage with local government as a partner in development through joint planning and by responding to business opportunities defined in terms of local needs.

The rural areas of South Africa face some of the most difficult developmental challenges. Not only is infrastructure very rudimentary, the provision of key services like health, welfare and education are dogged by logistical and human resource constraints. This is particularly the case in the former Bantustan areas. Economic development in these areas is also constrained, making it very difficult to provide services or infrastructure on a local revenue base.

Land administration is complicated by the existence of many different laws and regulations issued by a range of past and present authorities (e.g., in the case of the Eastern Cape Province, the pre-1994 South African national government, the former Cape Provincial Administration, the former Transkei and the former Ciskei). Also, land tenure rights are insecure and very difficult to define with legal precision. This

not only makes administration and planning difficult, but bedevils land tenure reform initiatives aimed at establishing more secure and legally defined land tenure rights under a unified South African land tenure system.

The land redistribution programme is critical to relieve population pressure on land in the former Bantustan areas and to allow new settlement patterns to emerge and local economies to become more diversified. This will affect not only land administration and spatial planning within particular municipal areas, but will also affect relationships and movements between municipal areas.

All land reform initiatives require support that can best be provided at a local level. This support has included service provision, training support, financial support, linkages with markets, etc. Crucial to the provision of such support is LED in an integrated development-planning context.

A key challenge to be faced in facilitating LED is to ensure that it is not urban based or biased, and that it does not attempt to fashion the rural in the shape of the urban. Even though the new municipal areas no longer fall on either side of a rural-urban divide, the realities of limited infrastructure, services and economic opportunity in rural areas remain. The demarcation of the new municipal boundaries cannot undo the spatial and service legacy of apartheid merely by redrawing boundaries, as South Africa's transformation has failed to address the key structural issues such as land ownership and the need for wider state intervention in the economy (see section 4.1 above). Also, the challenges facing rural areas (again, particularly the former Bantustan areas) cannot be undone by local government alone. National and provincial government departments have a crucial role to play, either directly or through the delegation of well-supported (in terms of financial and skills development support) mandates to local government.

Although almost all aspects of local government impact on its functioning in rural areas, including, for example, the extent to which participatory democracy and sound financial management systems (including debt collection and credit control) are established, the integrated development planning process is the most crucial. This is due to the central position this process is given in the Municipal Systems Act, where it, in effect, establishes the organising principles of all other local government systems and processes.

However, the effectiveness of integrated development planning is limited by the reality that the administrations of the new municipalities are being fashioned out of the administrations inherited from the transition period. Although the transition period was meant to allow for the integration of formerly separate white and black local government administrations and the initiation of integrated development planning on a more inclusive scale than before, it did not meet with unqualified success. Even though the racial division of local government dispensations has largely been overcome, the urban bias has not (cf. NLC, 2000).

In the Eastern Cape, the integrated development planning process has had limited success. Where Integrated Development Plans (IDPs) have been developed, they have often been put together by consultants with limited input from the communities themselves (cf. NLC, 2000) and have, therefore, not managed to mobilise formerly divided communities around common development goals. Even the Eastern Cape's IDP "success story", Stutterheim, has not managed to achieve the inclusivity and equity in planning that has been set as an important goal of the new local government dispensation, and the process has actually contributed to a re-racialisation of local economic development (Rogerson, 1998). The most recent round of IDPs (submitted in early 2002) still amount to wish lists with very little strategic prioritisation and linkage with national and provincial plans and programmes.

In general, spatial planning has largely had an urban focus and has been undertaken in terms of a bewildering array of laws, regulations and ordinances (Department of Agriculture and Land Affairs, 2001). Although the Development Facilitation Act, 1995 (Act 67 of 1995) contained important principles for land administration, and provided for the setting of land development objectives (LDOs) and the establishment of Development Tribunals as a mechanism to simplify and fast-track the process of approval of land development applications, it was always an interim measure. The Municipal Systems Act provides for the integration of the IDP and LDO processes. This is taken further in the White Paper on Spatial Planning and Land Use Management (Department of Agriculture and Land Affairs, 2001), which follows the Green Paper on Development and Planning (1999). This White Paper prepares the way for a Land Use Bill. The Land Use Bill is intended to lead to an Act that will replace the Development Facilitation Act. The new Land Use Bill will seek to retain the Development Tribunals, but circumscribe their functions, and will also bring LDOs

under the ambit of IDPs. Ultimately, a Land Use Act and the Municipal Systems Act will guide all planning.

The IDP process has suffered, and will continue to suffer, from limited resources and planning capacity at local government level (particularly local municipal level). Also, the requirements for participation, performance appraisal, human resource management and financial management may be difficult to attain, particularly in municipalities with a largely rural focus. Even where significant urban-based planning and administrative capacity exists (carried over from the transition phase), expansion of such capacity over the whole territory of new municipalities may prove difficult.

Another challenge related to development planning and implementation in rural areas, lies in the history of direct intervention by provincial and national government in many rural areas. Such intervention was, in the past, necessitated by limited local government capacity in rural areas. Examples include projects established by the Community Water Supply and Sanitation Programme of the Department of Water Affairs and Forestry and the Community Based Public Works Programme. Linking such programmes more closely with local government and the IDP process will be a challenge. Participatory bodies created for these programmes will have to be linked more closely to local government, local government planning capacity will have to be built, and the manner in which local government interfaces with these programmes will have to be negotiated.

Effective coordination of the rural development activities of all spheres of government close to the people in whose name these activities are planned and undertaken, is a crucial challenge. Another challenge is the rapid, yet responsible implementation of sectoral initiatives for decentralisation, such as district-based programmes. In this regard, the Department of Land Affairs' proposed district based system for land reform has been delayed due to many institutional difficulties, including delays in delegating powers and functions from the national office to the provincial offices of the Department. The establishment of integrated rural development strategies at all levels of government is of crucial importance, but should not lead to the creation of new institutions and bureaucracies. The challenge is to pilot such strategies in municipal areas while building the capacities of municipalities to implement and monitor these strategies in future (NLC, 2000). Initially, district municipalities will play a larger role than local municipalities in the implementation of rural development programmes of provincial and national government at the local level. This is due

largely to capacity and resource constraints at both local government and provincial levels (capacity constraints at provincial level impacts directly on the ability of provincial government to support local government in its developmental role, as required by the Constitution).

The issues affecting local government in rural areas are multiple, and can be classified in a number of ways. For example, experiences in the IDP/LDO process have been described in terms of the planning process (includes issues such as consultation, consultant-driven vs. community-driven processes, limitations on participation and compatibility of IDPs with other plans and legislation), the approach to planning (e.g. blue-print vs. flexible planning, fiscal driven vs. needs driven planning, comprehensive vs. strategic planning), impact on people (includes issues such as equity, participation by women, capacity building and skills transfer and poverty alleviation), institutional aspects (includes issues such as cooperation and integration of activities, and institutional capacity), policy effectiveness, and monitoring and evaluation (NLC, 2000). All of these, ultimately, revolve around integrated development (planning and implementation) at local government level, which is the process through which resources for development can be leveraged to optimal effect.

5 ECONOMIC DEVELOPMENT PLANNING IN MBASHE

The above discussion has set the context for consideration of economic development planning in the Mbashe Local Municipal Area. This context had to be sketched in some length to indicate the extent to which planning frameworks and strategies conceived outside Mbashe have implications for this area.

In this chapter, a brief description of the Mbashe Local Municipality in terms of its location, municipal structure and development status quo serves as a foundation for discussion of LED. The implications of national and provincial planning frameworks are considered, with special emphasis on the Wild Coast SDI.

5.1 The Mbashe Local Municipality

Mbashe is one of eight local municipalities that fall within the Amatole District Municipality (Amatole District Municipality, 2002:1) and lies at its northeastern end. Mbashe falls within the former Transkei and includes the towns of Idutywa, Willowvale and Elliotdale/Xhora. Prior to the establishment of the new municipal boundaries in November 2000, a Transitional Local Council (TLC) administered each of these towns, with the areas surrounding them administered by Transitional Rural Councils (TRCs). Idutywa, on the N2 national road, is the main seat of the local municipality.

Political authority in the local municipality is vested in the Local Municipal Council, consisting of 24 ward councillors and 23 councillors appointed in terms of the proportional representation system. The political parties that are represented in terms of the latter system are the African National Congress and the United Democratic Movement. Executive authority is vested in a Mayor, supported by an Executive Council. These are supported by an administration under the management of a Municipal Manager.

The Mbashe IDP was developed under the management of an IDP Steering Committee consisting of the mayor and the heads of the municipal council sub-committees (including the head of the LED Sub-Committee). This committee formed

an IDP Stakeholders Representative Forum to give a voice to a larger range of stakeholders in the IDP process (Mbashe Local Municipality, 2002a).

The LED Sub-Committee functions as a portfolio sub-committee to the Mbashe Local Municipal Council, with particular responsibility for advising the Council on LED and for supporting LED planning in Mbashe. It consists of 7 councillors and representatives of the RuLiv Programme, the Eastern Cape Department of Social Development, the Eastern Cape Department of Agriculture and the Amatole District Municipality. The LED Sub-Committee meets once a month.

5.2 Development *status quo*

The development status quo in Mbashe is sketched below in terms of the population, income and livelihoods, infrastructure, land use, social services, economic development, and municipal finances. Many of the statistics presented below were taken from the situational analysis that informed the Mbashe IDP (Mbashe Local Municipality, 2002b). The sources of these statistics are not provided (except for references at the feet of some of the tables). Where additional statistical information, complementary to the IDP statistics, is presented below (e.g. statistics gleaned form reports written under the auspices of the RuLiv Programme), the sources are specified.

5.2.1 Population

Approximately 244 506 people live in Mbashe, in a total of 48 778 households (Mbashe Local Municipality, 2002b: 1). The population density in each ward is fairly similar, and ranges between 3 146 people (living in 1 231 households) to 14 533 people (living in 3 148 households) per ward. An average of 5 people live in each household. Women form the largest proportion of the population of Mbashe and head the majority of households. This is one of the legacies of the migrant labour system instituted during apartheid, in terms of which women took responsibility for household reproduction while men worked in distant urban centres outside the Bantustans.

The population is young, with approximately 59% of people between the ages of 0 and 19 years. Approximately 15% of the population is over the age of 50 years, leaving only 26% between the ages of 20 and 49 years. These figures indicate a

significant burden of support to be carried by those within the 20-49 year age group who can secure work, and on those people old enough to receive pensions.

Although the population growth rate was positive in the period 1996-2000, projections to the year 2025 point to a negative population growth rate, attributed largely to the effect of HIV/AIDS.

5.2.2 Income and livelihoods

Between 75 and 90 percent of the population of Mbashe live below the poverty line – which is not defined (Mbashe Local Municipality, 2002b: 15). A more specific breakdown of the distribution of poverty is taken from a survey conducted by the Agricultural and Rural Development Research Institute (ARDRI), University of Fort Hare, in September 2001 (ARDRI, 2001a: 25-26; Mbashe Local Municipality, 2002b: 15-16), which made the following estimations regarding the following percentages of households below the poverty line (defined as a monthly equivalent household income of R 533.01):

Table 1: Percentage of households in each of the former TLC and TRC areas (i.e. urban and rural) below the poverty line in September 2001

	Elliotdale	Idutywa	Willowvale
Urban	57%	68%	78%
Rural	93%	95%	91%

Source: Adapted from Rural Livelihoods Survey in the Mbashe Municipality, ARDRI, September 2001

The ARDRI survey also showed that most (more than 80%, on average) of the urban and rural annual household incomes came from "external sources" such as salaries and wages, cash remittances, remittances-in-kind, child maintenance grants, private pensions, old age pensions, disability grants, child grants, and retirement annuities (Mbashe Local Municipality, 2002b: 21). The rest of the urban and rural annual household incomes came from (using ARDRI terminology) making and selling, buying and selling, jobbing, transporting, cash sales of animals and crops, and animals-and-crops-in-kind (Mbashe Local Municipality, 2002b: 21). It is interesting to note that activities related to small-scale agriculture were not significant sources of income, bringing, at best, approximately half of the incomes from "internal" (as opposed to "external") sources. The subsistence value of such small-scale agricultural activities was not assessed.

Average annual household incomes per ward ranged from a low of R 5 902 to a high of R 23 483 (Mbashe Local Municipality, 2002b: 25). Approximately 80% of households earned less than R 800 per month (Mbashe Local Municipality, 2002b: 19).

In general, the unemployment rate is high, with approximately 70% of the population older than 15 years unemployed (Mbashe Local Municipality, 2002b: 17). Six wards have unemployment rates above 80%, with the lowest unemployment rates recorded as 49% and 15%, respectively, in two other wards. The dependency ratio was estimated to be between 5 and 7 people.

These figures indicate significant challenges in reducing poverty and creating employment and income generation opportunities for people living in Mbashe.

5.2.3 Infrastructure and social services

Access to basic infrastructure and social services in Mbashe is generally poor. This constitutes a significant challenge to all three spheres of government.

The only paved road in Mbashe is the N2, which runs through Idutywa, and 5 km of a district road that runs through Elliotdale (Mbashe Local Municipality, 2002b: 36). The rest of the roads are unpaved and in poor condition (aggravated during the rainy season). As indicated earlier, plans are afoot to upgrade the N2, with a possible ring road around Idutywa (Bohlweki Environmental, 2002). The potential effects of this ring road on the economy of the town are not known.

Fewer than 4% of households in Mbashe have access to water in their dwellings or on site and fewer than 3% have access to public standpipes (the greater majority of these are in the towns) (Mbashe Local Municipality, 2002b: 26). Almost 87% of households in Mbashe rely on natural sources, e.g. rivers and springs, for their water. In addition, small percentages rely on boreholes and water tankers for their water supply.

The following additional statistics give a sense of the infrastructural and service challenges that exist in Mbashe (Mbashe Local Municipality, 2002b: 28-43). Approximately 24% of households have access to pit latrines and approximately 72%

have no sanitation facilities. Almost 78% of households rely on paraffin for lighting purposes. Only the three towns have street lighting (in the older sections of town), but these are of poor quality. Approximately 85% of people have no access to telephones. Approximately 80% of households live in so-called traditional structures. These structures are not serviced, which limits the range of income generation activities that could be pursued there. Solid waste removal services are almost non-existent and none of the dumpsites have been licensed, even though they are seen as potential environmental risks. Limited community halls and sporting and recreation facilities are available. Health services have limited coverage and almost 80% of clinics are inaccessible by road. Many of the schools are inaccessible by road. Fire fighting services are old and limited to Idutywa and Willowvale, and there is neither a fire prevention and action strategy nor a disaster management plan. Public transport is provided by taxis and by a network of bakkies. Only goods are transported, on a weekly basis, on the single railway line that runs through Mbashe.

These infrastructure and service challenges[8] would prove difficult even for a well-resourced municipality. Mbashe, with its low revenue base, will remain reliant on outside agencies, including other spheres of government, for help. This will require on-going work by the municipality to focus the attention of such agencies on Mbashe.

5.2.4 Land use and settlement types

Freehold title exists only in the 3 towns (the former Transitional Local Council areas). All other land in Mbashe is either surveyed state land or unregistered state land, with the bulk of the land not surveyed. This land is occupied by the majority of the Mbashe population (Mbashe Local Municipality, 2002b: 45).

The 3 towns have higher levels of social services, are home to the bulk of economic activity and serve as service centres to the surrounding rural area (Mbashe Local Municipality, 2002c: 4). Elliotdale serves not only the rural areas in Mbashe, but also some in the neighbouring King Sabata Dalindyebo Local Municipality. As indicated earlier, the road infrastructure linking these service centres to the surrounding areas is poor.

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[8] These challenges are likely to have been rendered more difficult by effects of the HIV/AIDS pandemic such as orphaning of children and loss of household productive capacity.

The general settlement pattern is typical of the former Transkei, with communal grazing areas, arable allotments and gardens around homesteads. Little activity has been noticed on the arable allotments (see section 5.3.2 below).

The only land restitution claim that was registered with the Land Claims Commission was the Dwesa-Cwebe land claim (Mbashe Local Municipality, 2002c). This claim and the effect of its resolution on the Wild Coast SDI are discussed further in section 5.3.1 below.

5.2.5 Economic development

The economic growth rate for Mbashe is not known. The Mbashe IDP uses the economic growth rate for the Eastern Cape Province (1.7% per year), as reported in the Amatole District Municipality's IDP, as its own (Mbashe Local Municipality, 2002b: 62).

Two different sets of figures are presented for employment per economic sector (Mbashe Local Municipality, 2002b: 62-63). It is not clear how these are related, and there are disparities within the document. For example, in the one table, 976 people are said to be employed in the construction sector, whereas the second table puts this figure at 780. In the face of an overwhelmingly high rate of unemployment in Mbashe, this difference is not significant, but it does point to some difficulty in establishing a coherent understanding of employment patterns. The absence of references to sources of statistical information makes it difficult to reconcile these different sets of data.

What the IDP does state clearly is its assessment that the government sector is the largest employer of people in Mbashe – approximately 43% of the population, according to the first set of figures (Mbashe Local Municipality, 2002b: 62). This phenomenon is not uncommon in the Eastern Cape Province.

The following are seen as economic activities that have not been exploited to their full potential (Mbashe Local Municipality, 2002b: 64): mining and quarrying (granite and sand are available), fishing, tourism, indigenous forests and plantations, farming of the good quality soils, and manufacturing and SMMEs linked to under-utilised farming and forest/woodland resources. Mbashe's tourism potential is described in

terms of the rural and cultural characteristics of the area rather than the scenic beauty of its coastline, which is the focus of the Wild Coast SDI.

The IDP also lists areas of opportunity identified by the RuLiv Programme (Mbashe Local Municipality, 2002b: 65-66). These are either specific to particular villages, particular types of villages (frost-free, adjacent to particular roads, coastal etc.), or to all villages. Villages were grouped according to their proximity to each of the 3 towns, and village priorities were identified. The vast majority of the identified opportunities were agricultural, with tourism opportunities confined to coastal areas (in apparent agreement with the focus of the Wild Coast SDI). Processing of agricultural products, fishing, and construction of roads and fences were also included as opportunities for particular villages.

Recommendations arising from a Rural Livelihoods Survey undertaken by ARDRI in September 2001 are also included in the IDP (Mbashe Local Municipality, 2002b: 66). These include an emphasis on the creation of sustainable livelihoods and the development of a viable small-agricultural sector through provision of irrigation infrastructure, securing rights to land and title, marketing of agricultural products, and research and extension services. No indication is given of how these should be delivered and no institutional framework for management of such services is provided.

5.2.6 Municipal finances

Key financial problems experienced by the municipality include a small revenue base, lack of financial management skills, lack of financial strategy, lack of financial systems, lack of government funding, non-payment of rates and service charges, and poor salaries and councillor allowances due to shortage of funds (Mbashe Local Municipality, 2002b: 70). Payments of rates and service charges require attention, with a payment rate of 95% recorded in one of the towns, and payment rates of 25% recorded in each of the remaining two (Mbashe Local Municipality, 2002b: 68).

Sources of municipal revenue include property charges, service charges, commissions, sale of wood, sale of land, and Government operational grants (Mbashe Local Municipality, 2002b: 69). Sources of capital are district municipality grants, Consolidated Municipal Infrastructure Programme grants, and other Government grants. The municipality is heavily reliant on intergovernmental grants.

5.3 Economic development planning in Mbashe

The infrastructure, service provision and economic development challenges faced by this relatively new municipality are enormous. Economic development will not only be crucial to the improvement of household income and establishment of food security, but will have to be linked to infrastructure development to encourage maximum local employment and business development. Unless significant funding from the provincial and national spheres of government for infrastructure development are forthcoming, the emphasis will have to be on basic services, as these are severely lacking in Mbashe. National government policies regarding cost recovery will clearly have minimal effect in such a poor municipality.

The previous chapter focussed on the national and provincial planning and policy context within which planning in Mbashe should be situated. In the remainder of this chapter, I examine the planning responses with the most direct impact on Mbashe, focussing particularly on economic development. In the final chapter of this thesis, I link these planning responses back to the larger provincial, national and theoretical contexts to develop a more comprehensive understanding of the difficulties associated with responses to Mbashe's development challenges, and of the space for local action in improving the livelihoods of local people. Again, the emphasis is on Mbashe as a point of intersection between different spheres of planning, all of which need to be coordinated for effective release of resources and targeting of local needs.

The following plans, programmes and processes of direct relevance to economic development planning in Mbashe are described in this section: the Dwesa-Cwebe node of the Wild Coast SDI, the RuLiv Programme, the IDP of the Amatole District Municipality, the IDP of the Mbashe Local Municipality, and on-going LED planning.

5.3.1 Dwesa-Cwebe

The Dwesa-Cwebe node of the Wild Coast SDI falls within the boundaries of the Mbashe Local Municipal area. In this section, I examine institutional and economic planning activities surrounding the Dwesa-Cwebe Nature Reserve, drawing heavily on the work of a team of the Institute for Socio-Economic Research, Rhodes University and the Human Sciences Research Council (the ISER-HSRC team)

published in book form (Palmer, Timmermans & Fay, 2002). This examination is intended to show more clearly how the work on the implementation of the Wild Coast SDI has influenced local institutions and planning.

The Dwesa-Cwebe Nature Reserve is located between the Ntlotyane River in the northeast and the Nqabara River in the southwest. It stretches for 24 kilometres along the coast and comprises a total land area of approximately 15 254 hectares. It includes two formerly separate reserves, the Dwesa and Cwebe Reserves, separated by the Mbashe River (Timmermans & Naicker, 2002).

The history of the area that later became the Dwesa-Cwebe Nature Reserve can be divided into four periods. Until the 1930s, local people retained rights of residence within the area, had access to its land for grazing purposes and extracted a range of resources from it (Fay, Timmermans & Palmer, 2002a). However, access to resources was increasingly constrained over this period, as outsiders obtained increasing rights of access. Following the passing of the 1936 Natives Trust and Land Act, the coastal area was declared a recreational area for use by white people (Fay, Timmermans & Palmer, 2002b). This effectively excluded local people from residence within the area, but they still had access to forest and marine resources, although under various constraints. The third period commenced in 1981, when fencing of the two forest reserves and surrounding grasslands was completed and access to forest, grazing and marine resources were denied to local residents, and ended in 1994, when the fences were broached during mass mobilisation of communities on both sides of the Mbashe River (Fay, Timmermans & Palmer, 2002b). The fourth period, which takes us from 1994 to the present, is the focus of this section. This period saw the culmination of the effects of rising opposition to the apartheid state and the authority of the government of the independent Transkei, the search for resources following the drought of 1992/1993, and the search for wood for reconstruction of homesteads as local people reversed the settlement patterns created in terms of Betterment Planning.

The broaching of the fences of the Dwesa-Cwebe Nature Reserve was followed by a visit of the then Provincial Minister of Agriculture. After this visit, Conservation Committees (CCs) were formed in each of the so-called "frontline areas", all of which were represented on a Joint Management Committee (JMC) responsible for finding management solutions to the various needs for access to natural resources within the reserve area (Palmer, Fay, Timmermans, Lewis & Viljoen, 2002). Agreement was

reached on permitting systems for some natural resources, but the work of the JMC eventually ceased after a number of events. These included dissatisfaction with the initial domination of the JMC by Reserve Management, limited clarity regarding the terms of reference of the CCs, and growing impatience with the slow pace of processing of a land claim that had been lodged by the frontline communities with the assistance of a local non-governmental organisation and one of its former employees, then a development consultant. Although the CCs and the JMC ceased functioning before settlement of the land claim, they lay the foundations for the future reserve management institutional framework.

The Minister of Land Affairs signed an initial Deed of Settlement of the land claim in 1996, but final settlement of the claim took another four years, mainly due to difficulties in reaching agreement on an appropriate tenure model that would allow for continuation of the reserve's status as a conservation area (Palmer, Timmermans, Lewis & Viljoen, 2002). During that period, seven Community Property Associations (CPAs) were formed in the communal areas surrounding the reserve. These were to serve as the foundation of the institutional structure established for management of the reserve. Establishment of these CPAs followed wide local consultation, which included the local traditional leaders. The latter supported the formation of the CPAs (unlike elsewhere in the former Transkei) partly because of its links to the claim and the status of the reserve as a node of the Wild Coast SDI and, therefore, a potential source of investment into the area. Local traditional leaders were given *ex officio* status in these CPAs. Each CPA was to be managed by a committee consisting of seven members.

An interim Dwesa-Cwebe Land Trust was formed to oversee management of the reserve, which would become the property of the CPAs after final settlement of the land claim (Palmer, Timmermans, Lewis & Viljoen, 2002). The Dwesa-Cwebe Land Trust consisted of 2 representatives of each CPA and was to be responsible for the appointment of a competent conservation body to manage the conservation function, as well as the leasing of assets within the reserve (such as cottages and the Haven Hotel), to occupiers and service providers. The work of the Trust was to be carried out through a system of committees, such as a Development Planning Committee and a Conservation Committee, which "would include representatives of the traditional leadership, local government, tourism and business interests, conservation interests, the Department of Sea Fisheries, and local structures of civil society on an

advisory basis" (Palmer, Timmermans, Lewis & Viljoen, 2002: 128). The status of the CPAs and the Trust would be formalised after final settlement of the land claim.

Confirmation of the land claim, on condition that the reserve remained a conservation area, was eventually given by the Land Claims Court, and the status of the Department of Water Affairs and Forestry and Eastern Cape Nature Conservation (ECNC) as interested parties was recognised. This allowed finalisation of the claim, which was announced on 28 July 2000, but with formal handover delayed until 17 June 2001 (Palmer, Timmermans, Lewis & Viljoen, 2002).

The institutional framework for the management of the communal areas and the reserve was confirmed, with management of the protected area to take place on a joint-management basis. Community members were to be provided training in tourism and conservation management to prepare them for the broad range of activities that would have to be managed. Final settlement of the claim was said to include a final restoration package of approximately R 14 million, a total pool of Settlement and Land Acquisition Grants (a grant by the national Department of Land Affairs of R 16 000 per household) of R 9 million, and lease fees from ECNC, the Haven Hotel and the cottages.

The final settlement package was as follows, as described in an Eastern Cape Regional Land Claims Commission (RLCC) document entitled *Background and post settlement processes for the Dwesa-Cwebe Project – July 2002*:

- Compensation from the national Department of Land Affairs (DLA) of R 1.6 million, awarded in terms of the Restitution of Land Rights Act, for community agreement not to take occupation of the reserve and to protect it for conservation in perpetuity. These funds were to be used to fund development activities in the area (see below for management arrangements).
- A total of R 10 576 080, made up of the DLA's Restitution Discretionary Grants and Settlement Planning Grants to the 2 382 households involved in the claim. These funds were earmarked for settlement planning, and for agricultural, educational and development projects for the benefit of the people falling within the seven CPA areas.

- A total of R 12 176 080, in the form of DLA Settlement and Land Acquisition Grants awarded to the 2 382 households involved in the claim. This amount was transferred to the Amatole District Municipality for administration. The latter is currently assisting in the planning, coordination and implementation of a Dwesa-Cwebe Development Plan, and it is foreseen that the Mbashe Local Municipality will play a leading role in the future.
- An amount of R 2.1 million was allocated to the Dwesa-Cwebe Land Trust by the Eastern Cape Department of Economic Affairs, Environment and Tourism for lease of the land and to support perpetual conservation and co-management of the reserve.

There have been some disagreements between municipal representatives and the Dwesa-Cwebe Land Trust regarding control of the money administered by the Amatole District Municipality, with the former aiming to optimise benefits to the wider community and the latter aiming to optimise benefits to people living within the seven CPAs (personal communications). Such disagreements are not surprising in a local municipal area with a low resource base and urgent socio-economic needs.

Work on a Dwesa-Cwebe management-planning framework had commenced during 1998/1999, in the form of community workshops and initial technical support by ECNC. This framework was to consist of a master plan consisting of a Conservation Management Plan, a Tourism Development and Management Plan, a Community Participation and Capacity Building Plan, and an Administrative Management Plan. Only the Conservation Management Plan was ready for finalisation of the final settlement of the land claim.

The Wild Coast SDI had brought some urgency to the process of settling the claim and had constituted a broader planning framework within which planning for management of the reserve could take place. Delays in implementing the 1998 version of the Wild Coast SDI, although creating local frustration and uncertainty, had allowed space for more careful planning and solidification of the institutional framework. The Dwesa-Cwebe Land Trust used the period of waiting for arrival of investment to negotiate public investment in the upgrading of local roads and the provision of services such as bulk water supply to surrounding communities. It also allowed space for the consideration of alternative visions for tourism in the area, such as a combination of eco-tourism and cultural tourism, as well as the potential for heritage tourism (Palmer, Fay, Timmermans & Fabricius, 2002).

A number of developments have followed finalisation of research by the ISER-HSRC team. The EU Programme of Support to the Wild Coast SDI has commenced work around Dwesa-Cwebe, with PondoCROP engaging the service of The Village Planner, which had assisted local communities in finalising the land claim. A hiking trail network has been developed in the larger Dwesa-Cwebe area. This trail network has included a figure-of-eight plan to make optimal use of the reserve, as well as a community lodge plan, a shebeen trail and a community hiking trail. The proposals regarding heritage tourism made by the ISER-HSRC team (Palmer, Fay, Timmermans & Fabricius, 2002) have not been implemented.

According to the RLCC document referred to earlier, a Project Steering Committee (PSC) was formed on 4 April 2002 to take responsibility for coordination of integrated development planning in the larger Dwesa-Cwebe area and to ensure implementation of development plans in accordance with the settlement agreement. This Project Steering Committee consists of representatives of the Amatole District Municipality, the Dwesa-Cwebe Land Trust, the ECDC, the Eastern Cape Department of Economic Affairs, Environment and Tourism, the EU Programme of Support to the Wild Coast SDI, the Eastern Cape Provincial Land Reform Office of the national Department of Land Affairs, the Eastern Cape RLCC, the Mbashe Local Municipality, the RuLiv Programme (under whose auspices a number of natural resource management studies had been undertaken), and the national Department of Water Affairs and Forestry.

Three sub-committees have been formed to deal with specific components of the settlement. These include the Amatole District Municipality technical team supporting the PSC and the Co-Management Committee of the Reserve. The latter is convened by the Eastern Cape Department of Economic Affairs, Environment and Tourism, and consists of seven representatives of the Dwesa-Cwebe Land Trust and seven members appointed by the national Department of Water Affairs and Forestry and the Eastern Cape Department of Economic Affairs, Environment and Tourism.

The Project Steering Committee has since engaged service providers, through the Amatole District Municipality, to support a process aimed at a development plan for the larger Dwesa-Cwebe area. The appointed service providers commenced work in August 2002.

The ECDC's Nodal Coordinator for the Dwesa-Cwebe Node of the Wild Coast SDI represents the ECDC on the Project Steering Committee. He is the first nodal coordinator to be appointed to the area and has been in his position since January 2002. He is the only ECDC employee working directly in the area, but is provided with administrative support by the ECDC. He is based in Butterworth, in the neighbouring local municipal area and reports to the Manager: Special Programmes Unit, ECDC, in East London.

The Nodal Coordinator is currently participating in the Dwesa-Cwebe PSC, and is engaged in working with the Dwesa-Cwebe Land Trust on management arrangements for the Haven Hotel (since 1994, the original managers have handed over to the Protea Hotels Group, which, in turn, has handed over to the ECDC), and facilitating the establishment of a multi-purpose centre with policing, postal, administrative, catering and office services in support of the Haven Hotel and the surrounding area. Three options for the management of the Haven Hotel are being investigated, namely leasing of the hotel, hiring of a management team by the Trust, and establishing a joint venture arrangement with a private investor (with 50% shareholding). The ECDC will manage the hotel until at least the middle of 2003, while it works towards finalisation of a management model. A concern regarding the joint venture arrangement is ensuring that the Trust is given support in negotiating and maintaining a mutually beneficial relationship with a private investor. The leasing and direct management options, through an appointed management team, are regarded as the most realistic options in the medium term. Potential sources of funding for the multi-purpose centre include the EU, the ECDC and the Trust. Location of the proposed centre to give equal access to communities on both sides of the Mbashe River is under discussion.

The LED Sub-Committee of the Mbashe Local Municipality regards the Wild Coast SDI as potentially useful in attracting the attention of investors to the area, even though no concrete investment proposals have emerged since the official launch of the SDI in 1998. The ECDC management of the SDI is credited with influencing the donation of four motorcycles to the local River Rangers, which will be used for tourist activities (the River Rangers are part of an independent initiative to facilitate tourist access to the river of the Wild Coast area).

There are concerns about the limited resources that the ECDC is devoting to the Wild Coast SDI, as compared to the EU Programme of Support to the Wild Coast SDI –

the latter has more staff and greater financial resources devoted to the Mbashe Local Municipal area than the ECDC. The Wild Coast SDI Nodal Manager and the Manager: Special Programmes at the ECDC are regarded as good resources, but there is a feeling that their superiors overrule them.

Members of the LED Sub-Committee feel that a greater, and more innovative, range of tourist activities should be pursued by the Dwesa-Cwebe Land Trust, which should include exposure of tourists to the lives and heritage of local people (similar to the vision articulated by the ISER-HSRC team). There are also some concerns about what are seen as attempts by the Dwesa-Cwebe Land Trust to restrict use of the settlement money administered by the Amatole District Municipality to the seven CPAs only. There is acknowledgement of the fact that this settlement was granted to those communities, but the LED Sub-Committee is keen to leverage this money to optimal effect for the larger Mbashe Local Municipal area. The most significant contribution of the Trust is seen to be facilitation of bulk water supply to the CPA areas.

The Mbashe LED Sub-Committee has made a number of suggestions for improvement of the Wild Coast SDI. Firstly, communication between the ECDC and the LED Sub-Committee needs to be improved (a joint meeting between the LED Sub-Committee, the ECDC and the EU Programme of Support to the Wild Coast SDI had been scheduled for July 2002, but, at the time of writing, it was not clear whether this meeting had occurred). Joint investigative excursions by these institutions were seen as valuable (two such excursions had already taken place, one of them to the Eastern Cape Technikon for interactions around strategies for the promotion of tourism). Secondly, the team supporting the development of the SDI should be given a dedicated budget and more personnel to allow it to play a more active facilitation role. Ideally, the team supporting the development of the SDI should be placed on its own footing outside the ECDC to allow for innovative thinking and practice in response to local priorities and investment opportunities. Thirdly, the work in support of the SDI node in Mbashe should be integrated with a broader vision for tourism in Mbashe to ensure that there is complementarity between inland and coastal tourism initiatives. Finally, the LED Sub-Committee should also find ways of gathering information on all projects implemented by the provincial and national spheres of government in Mbashe, to enable it to assist in the creation of synergies between these programmes and projects and the Wild Coast SDI in the context of a more substantial IDP.

The settlement of the Dwesa-Cwebe land claim is clearly the source of both the funding and subsequent development planning for the wider Dwesa-Cwebe area. The role of the Wild Coast SDI has been that of one amongst many agencies of support (although its status as one of the nationally conceived SDIs might have lent urgency to the resolution of the land claim). These agencies have included provincial and national government departments and agencies, the Amatole District Municipality, the Mbashe Local Municipality, donor-funded programmes, and a range of service providers. The ECDC Special Programmes Unit, rather than implementing the grand investment-led approach in terms of which the Wild Coast SDI was initially conceived, has changed its role in support of local socio-economic transformation and development based on local priorities. Although a great variety of institutions are cooperating in developing the Dwesa-Cwebe area, there still appear to be coordination problems and a limited extension of such coordination to cover the larger municipal area. The Amatole District Municipality has taken a leading coordinating role, which fits with the roles for district municipalities described in section 4.8 of this thesis.

In the last four sections of this chapter, I examine the work of the RuLiv Programme in Mbashe, the IDPs of the Amatole District Municipality and the Mbashe Local Municipality, as well as the on-going work of the Mbashe LED Sub-Committee to gain a deeper understanding of the opportunities for integration of development of the Dwesa-Cwebe area with development of the larger Mbashe area. This is done in preparation for the final chapter of this thesis, in which the scope for local action will be explored.

5.3.2 RuLiv Programme

The RuLiv Programme was described in broad terms in section 4.2.2 above. In this section, closer attention is paid to key aspects of the work of this programme in Mbashe.

The RuLiv Facilitator has continued his work and his contributions are valued by members of the Mbashe Local Municipality, as evidenced in interviews conducted during the course of this study. He is a member of the LED Sub-Committee and actively participates in the identification and assessment of projects. Members of that sub-committee are unanimous in the praise for the RuLiv Programme, especially its

focus on teaching people to help themselves and to think innovatively. Examples of valued activities include training, project packaging, advice and funding of visits to other parts of South Africa (e.g. Mpumalanga) to interact with people involved in successful development projects and in successful LED support programmes.

The RuLiv Programme has sponsored a number of studies to support its work in Mbashe. These have included a study of the feasibility of maize milling, a rural livelihoods survey, a study on arable land utilisation, a study of organic agricultural potential, and a study on options for community-based natural resource management.

The study on the feasibility of maize milling in Willowvale, completed in October 2001 (ISER, 2001), investigated maize production, existing exchange regimes, existing processing and marketing arrangements, and assessed the potential for successful maize milling in Willowvale. It found the establishment of a milling facility not to be feasible, and recommended support to existing surplus production by facilitating storage arrangements at existing storage facilities and encouragement of exchange between areas of surplus and areas of need. This was seen to be a more sustainable development strategy than a capital-intensive one. This study is valuable as a foundation for agricultural development based on an understanding of existing regimes of production and exchange.

The rural livelihoods survey, completed in October 2001 (ARDRI, 2001a) showed that state grants were the most important sources of income amongst rural households, who were also net importers of food. It also indicated that the majority of people in Mbashe engaged in farming activities, but crop production had shifted from arable lands to home gardens. This finding echoes experiences elsewhere in the former Transkei and points to the scope for use of arable allotments for more extensive surplus agricultural production, while supporting home-garden production for household use and limited exchange (Allwood, 2002). The rural livelihoods survey also found that a combination of animal traction and tractors were used for land preparation, with the former more prominent in rural households (death of animals due to a range of diseases had had a negative effect on crop production). Furthermore, government agricultural support in the form of training and project funding was needed, with agricultural extension officers (equipped with vehicles) seen as the best means of information dissemination. Fewer than 8% of people were involved in the development of income generating projects, but there was

involvement in political, burial and money clubs. Finally, it was found that people in the area were generally healthy (in terms of reported deaths and illnesses) and HIV/AIDS awareness was high. This study provides a useful basis for development of projects in support of local livelihoods and identifies opportunities for support to local agricultural production and exchange.

The study on arable land utilisation was completed in October 2001 (ARDRI, 2001b). This study identified maize as the main crop in Mbashe and showed the different intercropping patterns in the areas surrounding Idutywa, Elliotdale and Willowvale. Soils in Mbashe were found to be generally shallow, with the deepest soils found in the area around Idutywa. Almost 70% of the arable land in Mbashe was uncultivated, with uncultivated lands often used for grazing and, in the areas around Elliotdale and Willowvale, some of the invader plant species used as thatch grass. Again, this points to the scope for agricultural development with support from the state, based on an understanding of existing land utilisation patterns and regimes of production and exchange. This study confirmed the trend towards greater use of home gardens and to the positive correlation of fencing with proximity to arable lands and level of cultivation.

The study of organic agricultural potential in Mbashe, completed in October 2001 (Earth Innovations, 2001), identified thirteen existing sites with development potential. These were spread all over the Mbashe area, with four in the vicinity of Dwesa-Cwebe.

The study on options and systems for community-based natural resource management, completed in January 2002 (Environmental Science Programme, Rhodes University, 2002), focussed recommendations on the Dwesa-Cwebe area, and urged close cooperation between the RuLiv Programme and the Dwesa-Cwebe Land Trust, the European Union Programme of Support to the Wild Coast SDI, and various government initiatives around natural resource management and environmental management. Opportunities for facilitation and training support by the RuLiv Programme were identified.

It is clear from these studies that the research work sponsored by the RuLiv Programme in Mbashe has focussed on existing land use patterns, livelihood strategies and agricultural production practices. The value of these studies lies in their direct engagement with the local rural economy and their attention to

opportunities within that economy, rather than fitting preconceived development programmes and plans onto Mbashe. What is still needed is packaging of integrated programmes and projects based on this understanding of local conditions and systems, and facilitation of more substantial state support. The depth of understanding of the Mbashe rural economy should strengthen the hands of the Mbashe Local Municipality in negotiating for such support.

The RuLiv Programme has paid little attention to the study of tourism opportunities in Mbashe, but the local RuLiv Facilitator has participated in the planning process for the Dwesa-Cwebe area. This participation appears to have been informed by the contextual understanding emerging from the studies commissioned by the RuLiv Programme.

5.3.3 Amatole District Municipality Integrated Development Plan

Integrated development planning in the Amatole District Municipality, within which the Mbashe Local Municipality falls, holds important implications for support by the district municipality for economic development in Mbashe, and is meant to be based on the IDPs developed in Mbashe and the other local municipalities that fall within the Amatole District Municipality. The modalities for integration of these local municipal IDPs were not investigated during this study, but there appears to be some articulation between the Mbashe and Amatole IDPs.

LED, focussed on agriculture, manufacturing and tourism, is identified as one of five strategic clusters in the Amatole District Municipality's IDP for 2002/2003 (Amatole District Municipality, 2002: 17). The other four strategic clusters are infrastructure, environment, social needs, and institutional and finance. Of the LED sectors, agriculture and tourism are of greatest significance to Mbashe, even though development of the manufacturing sector in the district, most likely centred on Buffalo City, could improve employment prospects and household income from wage remittances.

The LED sector of tourism is said to include historical-cultural, nature/outdoor, water-related, recreational, and sports attractions. The agricultural sector is said to contribute 6% of Amatole's GGP, with a strong focus on subsistence (Amatole District Municipality, 2002: 42).

The Amatole District Municipality has defined a strong facilitation and support role for itself from its offices in East London (Amatole District Municipality, 2002: 44). This role is defined in terms of provision of training, facilitation of linkages into wider networks, facilitating integration of the activities of other spheres of government, undertaking research, and engaging in district-wide planning. Active engagement in these activities should assist poorly resourced municipalities such as Mbashe. Already the Amatole District Municipality has taken a leading role in developing a comprehensive development plan for Dwesa-Cwebe.

A significant concern regarding the sustainability of strong support by the district municipality is the potential effect of declaration of Buffalo City, which is currently defined as a local municipality within the Amatole District Municipality, as a metropolitan municipality. This could lead to a significant loss of resources, as was experienced by the Cacadu District Municipality when the sources of revenue of the Nelson Mandela Metropolitan Municipality were lost to it (PGDP Project Management Unit, 2002).

The Amatole District Municipality has set a number of broad objectives for the district for the next ten years. These include reducing the percentage of households living below the poverty line, increasing the number of sustainable LED activities, increasing the number of new jobs created, establishing a well-resourced LED Unit, and facilitating alignment of LED initiatives within the district (Amatole District Municipality, 2002: 44-45). Most of these objectives are of a very general nature, with the establishment of an LED Unit holding the most tangible promise, given the limited resources of local municipalities such as Mbashe.

The proposed parameters of the work of such an LED Unit (or Directorate) have been defined in terms of preparation of a broad vision and framework for LED, provision of an institutional framework for cooperation between stakeholders, establishment of an enabling environment for LED, provision of training and support to local municipalities, linking LED initiatives to provincial and national programmes, and research and project development support (Amatole District Municipality, 2002: 44). Linked to the Project Information Management Support System (PIMSS) centre of the Amatole District Municipality, such an LED Unit could have value in facilitating the formulation of well-targeted responses to economic development challenges throughout the district.

The Amatole IDP also contains objectives for each of the three LED sectors. Objectives for the agricultural sector include establishment of an LED approach to agriculture, supporting both food security and commercial agriculture, alleviating poverty and facilitating clear and coordinated support to land reform and agricultural development. Objectives for the manufacturing sector include an infrastructure programme in line with LED objectives, a skills development programme and coordination of investment promotion for the district. Objectives for the tourism sector centre on support by an LED Unit of community-based tourism and the establishment of "cultural eco-tourism" in the district (Amatole District Municipality, 2002: 45). Support to community-based tourism is currently underway in the Dwesa-Cwebe area, as indicated above.

Strategies for the agricultural sector include facilitation of local production and supply linkages, facilitation of access to information, finances and markets, promotion of cooperative marketing, resuscitation of irrigation schemes and land care (Amatole District Municipality, 2002: 45-46). The research work done by the RuLiv Programme in Mbashe should prove to be a useful foundation for further development and implementation of these strategies, which still need to be translated into concrete and integrated action plans.

Strategies for the tourism sector include aggressive marketing (including use of the internet), research, revival of a regional tourism office and local tourism offices, partnering with business to lobby for reduced airfares, and development of a district tourism plan.

On the face of it, the objectives and strategies for agricultural and tourism development do frame an approach to LED that is aimed at building on existing local systems of production and exchange, to encourage access to new markets and support, and to facilitate linkages with the programmes of other spheres of government, amongst others. Although potentially valuable in the mobilisation of state resources for development in Mbashe, these strategies still need to be operationalised, and, more significantly, are purely administrative. There is no critical engagement with larger planning frameworks and the constraints these impose on LED (such engagement is perhaps seen as outside the scope of a document meant to guide district administration). Such engagement, however, is required if the district municipality is to use its institutional position within government in South Africa to attempt to influence the provincial and, most importantly, the national government.

There is no evidence that such an approach is possible within the current political (dominated by the party in charge of both the provincial and national governments) and administrative configuration.

Political contestation over macroeconomic objectives in particular appear to have remained trapped within the party-political hierarchy that promotes particular consensus positions in all spheres of government. Although challenges to particular policy positions are mounted in provinces such as the Eastern Cape, with active participation by the Congress of South African Trade Unions in planning (e.g. the new PGDP process), these do get entangled in the mechanisms of party decision-making and discipline and within the constitutional mandates given to different spheres of government. With regard to the latter, the provincial and local spheres of government are forced into an administrative focus in search for the most promising opportunities, given current macroeconomic policies, to meet the needs of people who live in their areas of jurisdiction.

Of interest are the similarities in definition of opportunities for economic development between the latest provincial strategies (e.g. TRIP) and the strategies proposed by the Amatole District Municipality. This could be due to an emerging consensus around the needs of the people of the province, arising out of engagement between officials and service providers in a range of institutional forums. What is of great concern is that the convergence of strategy has nowhere been translated into innovative integrated development practice. I would argue that this is largely due to the reluctance of the national government to intervene substantially in the economy and the effective percolation of elite compromises throughout the South African political system.

5.3.4 Mbashe Integrated Development Plan

The Mbashe IDP does not escape these constraints, but does give further insight into the priorities that have been defined there (no attempt was made to evaluate participation by stakeholders within Mbashe in the development of the IDP).

The Mbashe IDP process appears to have been closely integrated with the Amatole IDP process, as evidenced both by statements to this effect and the details of the Mbashe IDP itself. For example, links are drawn to the Amatole District Municipality's planned process of developing a District Tourism Plan/Strategy and to support of

LED within a district context. Services such as waste management and water supply are also to be integrated within a district system.

The Mbashe IDP contains objectives, strategies and programmes arranged in terms of the same five 5 clusters that were used in the Amatole IDP (Mbashe Local Municipality, 2002a: 11). Attention has been paid to establishing linkages between these clusters, e.g. roads are linked with key economic centres (e.g. potential tourism destinations or sites for economic activity) and service priorities (e.g. health facilities, transport plan).

In terms of LED, analysis of economic opportunities is linked to an assessment of the natural resources available in Mbashe (Mbashe Local Municipality, 2002a). The areas of most potential are seen to be mining and quarrying, fishing, tourism, indigenous forests and plantations, and manufacturing and SMMEs (small, medium and micro-enterprises), with tourism and agriculture listed as the most important sectors for LED in Mbashe. Major constraints on development are seen to be limited financial resources (e.g. low revenue base and limited economic development to date) and current land tenure arrangements (in the IDP, the limited extent of freehold tenure is described as a problem).

A number of key strategies contained in other clusters are likely to be important for LED (Mbashe Local Municipality, 2002a: 13-23). These include water supply improvement (both domestic and agricultural) and establishment of all weather roads to LED initiatives, public works projects, tourism initiatives, clinics and schools. Other services, such as electricity, waste removal, and sanitation will most likely contribute indirectly (although electricity could allow for use of more electronic equipment in tourism projects). Adult education, multi-purpose centres, police and security services, and improvement of the public transport system are not formally linked to LED, but will clearly be important to an integrated approach to LED. Other strategies in non-LED clusters will contribute to improved municipal systems and management, and to the general creation of an environment that improves quality of life, safeguards the environment, and manages resource use and access (amongst others).

Objectives that have been identified for the LED cluster include exploitation of opportunities for processing of agricultural produce, securing access to appropriate skills training facilities, effecting meaningful exploitation of tourism opportunities,

facilitating fencing of main roads and arable land, improving access to dipping tank facilities for all types of livestock, and facilitating development of water resource infrastructure in support of agricultural development (Mbashe Local Municipality, 2002a: 15-16).

The strategies developed for each of these objectives are almost identical to those developed for the Amatole District Municipality, which potentially allows for effective synergy between the work of the local and district municipalities, but also potentially reflects no more than the convergence of strategy with little hope for fundamental change to practice. In their current form, the LED strategies contained in both the Amatole and Mbashe IDPs are little more than statements of intent. There is no clear assignment of targets, responsibilities, performance indicators and risks.

The draft Mbashe LED programme includes a long list of projects for which the capital and operating costs have been estimated on a yearly basis for a five-year period. These projects include agricultural skills training, agricultural fencing, provision and maintenance of dipping tanks, agricultural development programmes (focussed on beef, sheep, maize and vegetables), establishment of a LED Steering Committee (the LED Sub-Committee plus additional stakeholders), a tourism development plan, a community art centre, a flea market, various memorials, monuments and museums, a cultural village, a programme for the beautification of towns, and a public space for music performances (Mbashe Local Municipality, 2002a: 41-42). The most expensive of these projects (in terms of estimated capital cost), over the 5 year period, are agricultural fencing (R 10 million), provision of new and maintenance of existing dipping tanks (R 5.4 million), water infrastructure for agriculture (R 5.4 million), King Hintsa Memorial (R 3.5 million), 2 museums (R 1.8 million and R 1.7 million), Intsizwa Monument (R 1.2 million).

No municipal funds have been dedicated to any of these projects. Instead, the following institutions/departments have been identified as potential sources of funding: Department of Agriculture (presumably the provincial department), Department of Public Works, Department of Water Affairs and Forestry, Department of Economic Affairs, Environment and Tourism, Department of Housing and Local Government, and Department of Science, Recreation and Culture. Although municipal funds have been dedicated to infrastructure projects that will support and enhance opportunities for LED, it is significant that no funding has been secured for any specific LED projects. With a limited resource base and large service and

infrastructure needs, one could not expect the municipality to do otherwise - this emphasises the difficulty of promoting LED in the absence of financial resources (other resources are there, but there is no financial capital to develop them).

The RuLiv Programme is also not a source of finance, as it has dedicated its funds to training and skills development and to assistance in local project development efforts. It focuses on small projects, is people focused and has a longer-term vision of livelihoods enhancement rather than more rapid LED requiring capital inflows into Mbashe.

In general, the Mbashe Local Municipality's projected internal revenues are not enough to cover its projected expenditure, but when the Equitable Share, Local Government Transition Grant, Local Government Support Grant and Implementation of Water Services Grant are added to internal revenue, over R 30 million remains in each year of the 5 year period of the IDP for capital projects (some grants need to be dedicated to particular kinds of projects, which limits the municipality's scope for allocation to project categories). It seems reasonable that these funds should be dedicated to meeting the severe service and infrastructure needs within Mbashe.

The Mbashe IDP contains a number of strategies in various clusters that could, potentially, impact positively on poverty alleviation (Mbashe Local Municipality, 2002a: 13-23). These include LED initiatives that are aimed at creating employment and generating income, establishment of a sustainable village based labour intensive road maintenance programme and reporting mechanism, strategies around health, HIV/AIDS, and access to social grants, and improved basic service provision. The IDP is silent on the controversies surrounding payment for basic services and refers to labour intensive construction for roads only. Given that there will be reliance on the Amatole District Municipality, the Department of Water Affairs and the Community Based Public Works Programme for many of the infrastructure projects, it might be that the issue of labour intensive methods is left for them. What is clear is that the municipality has a real problem of a low rates base and that it will struggle to afford free services if there is no outside support (the rates base is so low that there is limited opportunity for cross-subsidisation – this can only happen in a larger context, such as the district municipal level, and, of course, national level, by means of the equitable share allotments).

Although the IDP includes a call for a coordinated and integrated poverty eradication programme aimed at meeting basic needs and encouraging LED, this programme still needs to be developed.

The IDP also includes provision, but no budget, for the development of a comprehensive Land Reform Plan for Mbashe, to be reviewed as land policies and legislation develop. Finally, the IDP contains a commitment to reserving 30% of all jobs created in a government-funded project for women, youth and the disabled. These two provisions do indicate an attempt to engage proactively with national processes and priorities aimed at socio-economic redress.

The Mbashe IDP is a useful source of information on the priorities of the Mbashe Local Municipality and indicates the importance of active support by the Amatole District Municipality. Its proposed strategies for LED require further development and its proposed projects require further packaging and linkage with provincial and national government programmes. LED is clearly not a static phenomenon – it requires on-going attention. In the final section of this chapter, I examine the process of on-going LED planning in Mbashe.

5.3.5 On-going LED Planning

On-going LED planning and support is undertaken under the auspices of the Mbashe LED Sub-Committee, on which the RuLiv Programme is represented (refer to section 5.1 for further information on membership of this sub-committee).

In interviews conducted during the course of this study, members of the LED Sub-Committee described its role as ensuring that funds are available for LED and are utilised "profitably" (i.e. that there is no roll-over of funds from one financial year to the next), generating new ideas and opening the eyes to new opportunities, establishing partnerships with other municipalities, functioning as an engine for the Mbashe Local Municipality, ensuring that poverty is addressed, and analysing project suggestions that come from people in Mbashe in terms of their potential and sustainability. This screening function was seen as the LED Sub-Committee's main role, supplemented by research on examples of successful LED approaches elsewhere (support in this regard has already been provided by the RuLiv Programme).

The work of this committee both supports the IDP process, but, importantly, allows for more specific and on-going planning and support of LED projects. Overlap with the work of other sub-committees, particularly the Social Needs Sub-Committee, is acknowledged and seen as necessary, given the integrated nature of development planning.

The LED Sub-Committee is currently exploring a range of approaches to support LED in Mbashe. These include active or intended initiatives to encourage agricultural production, support downstream processing of agricultural produce, facilitate community participation in development of road infrastructure, improve community safety and crime prevention, facilitate development of roads and water supply infrastructure, cooperate with other stakeholders in the development of Dwesa-Cwebe, cooperate with the Eastern Cape Department of Agriculture, and encourage greater involvement by national government departments.

Members of the LED Sub-Committee view Mbashe as blessed with an abundance of labour, natural resources and enough capital to plough gardens and fields. However, limited agricultural production takes place. Two strategies to encourage agricultural production are being pursued. The first involves quantifying the costs of and potential earnings from local agricultural production to assist local producers in recognising the economic value of production. The second involves the creation of competitions that reward villages that have ploughed all fields, all their home gardens or all their school gardens (rewards of R 20 000, R10 000 and R 5 000, respectively).

Extension of the use of the municipal refuse removal truck for transportation of locally sheared wool from sheep farmers to a collection point on the N2 road, where trucks already carrying wool to the Wool Growers' Association in Port Elizabeth could collect it, is being investigated.

The provincial Department of Public Works has proposed using local people to repair 1 km of road by hand for every 10 km repaired under the auspices of the Department. The LED Sub-Committee has submitted an alternative proposal to the Department that would give each family along a road 100 m to maintain at R 100 per month, with participation being on condition that a family has ploughed its garden, that it has no formal income, and no-one in the community has participated in crime for the past 6 months. This proposal has been piloted in Willowvale, which had received a R 200 000 start-up from the Department. This proposal is an example of

an integrated approach to development, which encourages community members to strengthen their activities on a number of fronts and to support each other for the good of the community.

There have been negotiations with cellular networks to provide village headman with cellular phones that only allow communication with the police station, to give local communities the means to report criminal activities. This proposal is in support of the previous one, with a view to adding an additional requirement for participation: to report any new vehicles in a village to the village headman within three days.

Interaction with national and provincial departments responsible for road construction and with the Department of Water Affairs and Forestry for water supply (including irrigation supply) is seen as crucial, given the high cost of these activities. Members of the LED Sub-Committee believe that the Mbashe Local Municipality has an important role in identifying local needs and negotiating support from these provincial and national departments.

The LED Sub-Committee is improving its engagement with the Eastern Cape Development Corporation and the European Union Programme of Support to the Wild Coast SDI to find ways of leveraging investments and planning activities to optimal effect for the larger Mbashe (refer to chapter 6 for more information on the Wild Coast SDI). The LED Sub-Committee also interacts closely with the Department in scheduling campaigns around wool and beef production, as well as fencing.

The Willowvale Poverty Alleviation Committee, consisting of 24 members (every head of a municipal department, all eight local ward councillors, and a representative of the Wild Coast SDI), has worked towards integrated responses to local poverty. The LED Sub-Committee would like to facilitate the application of this model in Idutywa and Elliotdale.

Finally, the LED Sub-Committee would like to encourage greater involvement by the Departments of Sport, Recreation, Arts and Culture and of Economic Affairs, Environment and Tourism in Mbashe. Their support and resources are seen as important in addressing a range of needs in the area, such as sport facilities, training, support to local cultural activities (could be linked to tourism), and business and tourism development support. The LED Sub-Committee is also searching for a format and mechanism for the gathering of information on provincial and national

government projects in the area, to allow the Sub-Committee to develop a database, monitor progress and facilitate integration within the local integrated development planning context. There is a strong need for national and provincial government to take IDPs seriously, and to involve municipalities in earlier stages of their planning processes to allow for better communication of local need and earlier exploration of opportunities for coordination and integration.

As indicated in the previous sections of this chapter, active support by the Amatole District Municipality would be useful in securing effective coordination of the three spheres of government within the Mbashe Local Municipal area. Extension of the membership of the Mbashe LED Sub-Committee to form a Mbashe LED Steering Committee might also prove useful, and will build on the clear commitment to network with all interested stakeholders in the fight against poverty. Participation in by national and provincial departments in meetings of the Steering Committee would certainly be useful, but is unlikely on anything but an ad hoc basis, given the number of local municipalities that potentially require their attention. Such participation would be most realistic at the district municipal level, particularly if supported by an Amatole District Municipal LED Unit.

The Mbashe LED Committee includes a number of energetic people (the chairperson in particular) who are passionate about meeting the LED challenges in Mbashe. Strong identification by members with a range of views on approaches to LED is evidence of a history of active debate on LED options, aimed at consensus. Meetings are run in an open and collaborative manner and innovative thinking is prized. However, the work of this committee, although infused with energy, lacks resources for implementation, which makes a micro focus the only realistic option. Such a focus clearly makes for the development innovative approaches that build on existing institutional practices, but could be strengthened through interaction with national and provincial planning and programme implementation. The Amatole District Municipality has a strategic role in this regard.

6 THE SCOPE FOR LED IN MBASHE

I have attempted to show how viewing LED and tourism development within a broader provincial and national perspective can contribute to our understanding of the economic development planning initiatives in Mbashe to date. Although a relatively new entity, the Mbashe Local Municipality has been engaging actively with economic development challenges in its area of jurisdiction, particularly through the LED Sub-Committee. In this process, it has encountered the opportunities and constraints associated with a range of provincial and national policies and planning frameworks, and has attempted to define roles for itself in engaging with these.

The Wild Coast SDI, which is the planning initiative most directly linked to Mbashe, through the Dwesa-Cwebe node, and which has featured in many of the provincial strategies aimed at economic development in the Eastern Cape Province, has served as a good example of these challenges and opportunities. Through work on tourism opportunities at Dwesa-Cwebe, a range of actors engaged in promotion of the Wild Coast SDI, tourism development, provision of basic service infrastructure and land restitution, have attempted to find common ground. In doing this, they have moved away from the original approach to the Wild Coast SDI, which was associated with promotion of large-scale investment in neo-modern forms of tourism with their emphases on luxury accommodation located in sophisticated infrastructure network and aimed at the international tourism market. The realities of poverty and limited provision of basic services, the need for consensus around community-based natural resource management, the need to redress the history of land dispossession and regional marginalisation, the current patterns of tourism to the Eastern Cape, and the legislative and policy framework for developmental local government have served as the contexts within which these various institutions, through the actors within them, have mobilised themselves for locally negotiated solutions. These solutions are still in the making and have begun to fill the vacuum left by the failure of investment-led development to materialise.

However, these locally based developments, such as the mobilisation of resources made available through the land restitution process at Dwesa-Cwebe and the work of the RuLiv Programme, have been constrained by limited coordination with provincial and national planning frameworks and programmes and have not managed to address the structural dynamics that have limited the scope for integrated rural

development within the former Bantustans, such as the former Transkei. Even though national level programmes have been mobilised to establish water supply and sanitation projects in the Dwesa-Cwebe area, and the offices of national and provincial departments and parastatals have been used to deploy financial resources and expertise, these have been confined mainly to that portion of Mbashe that has had the good fortune to be labelled as a site of economic (particularly tourism) opportunity.

Although this can be viewed as evidence of the value of spatial identification of opportunity, it also shows the potential for isolation of benefit to particular localities within local municipalities and disputes regarding leveraging of resources for a larger area. The conflicts over the spread of resources for wider spatial development that have arisen between the Mbashe Local Municipality and the Dwesa-Cwebe Land Trust are examples of this dynamic.

The work of the RuLiv Programme shows the potential value of well-researched support for a wider range of development initiatives over a wider spatial expanse, undertaken in coordination with a local municipality. Members of the Mbashe LED Sub-Committee have expressed appreciation for the broadening of thinking that has come with research, project identification and experiential learning provided by the RuLiv Programme. This value has come predominantly from the focus by the LED Sub-Committee on local needs and innovations, rather than on promises of assistance from other spheres of government or other external agencies, such as non-governmental organisations and private investors. Even though the RuLiv Programme itself is an external agent, it has emphasised its role as an enabler and facilitator of local innovation.

Although this micro-focus has clearly struck a cord with members of the LED Sub-Committee, and fits with the innovative approaches to road maintenance and agricultural revitalisation that have emerged under their guidance, it has not succeeded in mobilising resources for more significant structural interventions into the local economy. For the possibilities associated with such interventions, one has to turn to planning frameworks and programmes at the provincial and national levels.

As was indicated above, the PGDS never functioned as an effective planning framework for the coordination of planning and development in the Eastern Cape Province. Although the new process of developing a Provincial Growth and

Development Plan for the province has so far managed to mobilise a greater number of stakeholders, including district municipalities, in support of a coordinated and participatory planning process, it still has to deliver its first product, namely the Strategy Framework, and it is therefore still too early to judge its value to local municipalities such as Mbashe. If its objectives are met, however, it will allow for significant improvement in vertical and horizontal coordination of planning and mobilisation of resources for development. Already there is a strong emphasis on rural development aimed at structural intervention in the former Transkei.

The Integrated Provincial Development Programme, in terms of which the provincial government is currently coordinating its efforts in the medium term, includes provision for accelerated delivery of basic services and interventions into the rural economy, particularly through TRIP. However, the projects that have been identified for inclusion in TRIP are at varying stages of preparation (many still at the pre-feasibility stage) and packaging and financing has not been finalised. Also, the service infrastructure projects that have been identified for Mbashe again emphasise the privileged position of Dwesa-Cwebe. More general hope is held out for the rest of Mbashe through the contractor-focussed REAP and economic infrastructure projects such as the East London – Umtata Railway Line and the upgrading of the N2. However, neither of these projects has been finalised and the socio-economic costs and benefits still need to be understood. For example, the proposal for the N2 includes construction of a ring road around Idutywa, which might have negative consequences in terms of loss of trade in the town (unless consciously mitigated), and the charging of a toll fee, which might add to the transaction costs associated with local trade, which already faces multiple barriers.

The Mbashe IDP, which, ideally, should be the vehicle for coordination and integration of planning at the local level, shows clearly the lack of knowledge of budget commitments by national and provincial government, both in terms of intergovernmental fiscal grants and programmes by provincial and national line departments, as well as limited synchronisation of the planning cycles of the different spheres of government. This means that LED planning, as contained in the IDP, still amounts to the production of wish lists.

The IDP of the Amatole District Municipality suffers from the same constraints, but does offer a vision for support to local municipalities that could be of value. In particular, the establishment and mobilisation of resources through a LED

Unit/Directorate could assist local municipalities, such as Mbashe, to link local needs, priorities and innovations to plans, programmes and budgets of provincial and national government departments, parastatals and even private sector organisations. It certainly can assist in developing a regional approach to economic development, ideally fitted into a provincial framework such as a new PGDP, which would reduce the transaction costs of private investors by bringing greater clarity on opportunity and greater predictability of both opportunities and constraints. More significantly, given the scale of the developmental challenges in Mbashe, it is at the district municipal level that coordination of the planning and resource deployment activities of the different spheres of government can be most realistically and cost-effectively achieved, partly because these allow for a smaller number of units of coordination, and partly due to the move to synchronisation of delivery districts of provincial departments such as Social Development and Health with municipal boundaries. Although the boundaries of these delivery districts are not coterminous with those of the district municipalities (which would allow for the greatest institutional elegance), they do maintain the integrity of local municipal boundaries.

It seems clear that integrated development planning within Mbashe has yet to emerge, in spite of a clear commitment and energetic planning within the municipality. The focus of this thesis has been on LED, but with reference to the importance of linkages to other aspects of local integrated development, such as active creation of employment and contracting opportunities in relation to infrastructure development, thereby meeting infrastructural needs while creating opportunities for LED. A reading of the IDP and inputs from the Municipal Manager and members of the LED Sub-Committee indicate a general understanding of the principles of integrated development planning, and of the linkages between LED, poverty alleviation, gender equity, infrastructure development, safety and security and institutional development. However, strong needs for further assistance in planning and project management expertise and for innovative ideas have been articulated.

Interestingly, it is not the shortage of innovative project ideas that seems to hamper integrated development planning, in general, and LED, in particular. Rather, it is the mobilisation of external agencies, both public and private, and their resources that constitute the most pressing needs. Such mobilisation requires knowledge by municipalities of plans, programmes and resource availability, as well as project management skills to package local needs into project format and link those projects

to available programmes and funds. Where such mobilisation has occurred, it has happened in the context of external facilitation, most particularly in developments around Dwesa-Cwebe. There, support from service providers, the Amatole District Municipality and the Eastern Cape Development Corporation illustrate the roles of institutional agents in resource mobilisation. Again, what appears to have galvanised this active external interest is the awareness of local needs and opportunities created through the Wild Coast SDI and, more particularly, the mobilisation of resources in the context of the land restitution settlement. The size of the resources that were made available in this case and the strong interest by state agencies to ensure that the ecological integrity of the Dwesa-Cwebe Nature Reserve be maintained, have drawn a range of national and provincial government departments, parastatals and community bodies (particularly the Dwesa-Cwebe Land Trust), as well as an assortment of service providers, into a comprehensive planning process. In this instance, it appears that planning support and institutional integration followed resources, rather than the reverse.

Is this an inescapable reality that should be given more credibility than the theoretical position that effective institutional integration will bring greater resources in response to local needs? I would argue that the "wish list" characteristic of many IDPs, including the Mbashe IDP, is not only associated with poor project conceptualisation and poor project planning, but, perhaps more strongly, with a desperate need for resources by municipalities. Mbashe, with its high rate of unemployment, widespread poverty, levels of service, and an economy dominated by the government sector, is locked in a vicious dynamic in which the larger the development need, the smaller the rates base, and the larger the need for external resources. Although fiscal flows associated with the municipality's equitable share of national revenue do bring funds into Mbashe, such funds cover only a portion of the basic service requirements of the area and leave LED completely without dedicated funds. LED, then, appears to be the "unfunded mandate" par excellence.

The concerns of municipalities regarding funding for LED emerged again in a District Workshop held in November 2002 as part of the new PGDP process. Several of the participating district municipalities confirmed that they would, without hesitation, change their LED plans, and even their IDPs, to suit resource availability, even after formal adoption of these plans in the designated forums at municipal level. This indicates again the desperate need for financial resources, on the one hand, and the vanity of participatory and integrated planning in the face of severe resource

constraints. Combined with fragmentation of planning within the provincial and national spheres, this reality leaves poor municipalities scratching for any available hooks on which to hang development projects. This constitutes de facto "top-down" LED, but of a fragmented variety. Even where integrated planning frameworks exist at provincial level, their contents are not widely communicated and they are accessed with difficulty, as experienced directly during my research. At the same PGDP District Workshop, participating district municipalities also expressed limited knowledge of the integrated plans of the provincial government.

The Mbashe case is illustrative in this regard. Even though the Mbashe IDP was studied during the development of the TRIP document, and a selection of large projects were included in TRIP, this cannot be said to constitute active engagement with local needs in planning for the facilitation of LED. The predominance of projects associated with the Dwesa-Cwebe area, or which have been planned for regional purposes (such as the upgrading and partial rerouting of the N2 and the East London-Umtata Railway Line), is perhaps no accident. These are the ones that have attracted attention in a rapid planning process as the best-known options for stimulation of development. Planning frameworks designed for larger geographical areas, such as the former Transkei or the Eastern Cape Province, also require projects that will generate multiple spin-offs and show tangible results.

The question that arises is whether this means that the Mbashe Local Municipality will remain trapped between, on the one hand, top-down plans that incorporate projects that have already attracted either resources or interest from other spheres of government, and, on the other hand, local micro-based planning aimed directly at local needs and facilitated through donor-funded entities. Top-down LED appears to perpetuate itself, whatever its sector of focus or its stated target beneficiaries. Unless this approach to planning at the broader level is altered, a municipality such as Mbashe will not be able to escape this trap.

One key ingredient is active participation by municipalities in planning processes that cover larger geographical areas than the municipal areas of jurisdiction. Neither the PGDS, the Integrated Provincial Development Programme, nor TRIP have included significant involvement from municipalities, except as key informants for service providers or sources of documentation. As shown above, reliance on documentation and even interviews with selected officials can still mask a dynamic of piecemeal, resource-led development, even when attempts at integrated planning are being

made and innovative approaches are being tested (without resources, these will remain test cases).

The ISRDS, although designed at national level, is more of a guide to shifting the planning dynamic in favour of needs-based (particularly pro-poor) planning than an actual plan. Although, for the medium-term, financial resources will continue to be packaged within national and provincial departments, the longer-term vision is for the transfer of funding directly to municipalities in the form of intergovernmental grants to place national and provincial departments increasingly in a service provider role in terms of integrated plans developed at the municipal level. Implementation of the ISRDS, however, has yet to yield results, which leaves us with little evidence on which to base an assessment of the effectiveness of this attempt to shift the planning dynamic.

There is, therefore, a need for the mobilisation of far greater resources in support of planning in areas such as Mbashe, but if this resource mobilisation is confined to financial and project management resources only, without a concomitant mobilisation of institutional support, the top-down approach to LED will continue and poor communities will remain at the mercy of externally planned and funded projects. Even the experience of participatory planning is likely to sour in the face of post hoc alterations of plans in the face of new information on the best hunting grounds for funds. Even the much-vaunted varieties of the new tourism, such as Afrikatourism, will continue as isolated endeavours that face financial crisis as soon as larger-scale investments to which they are attached dry up.

The real innovations in the approach to LED in Mbashe are institutional. These include institutional arrangements for the mobilisation of community participation in road maintenance, agricultural revitalisation and crime and safety. These are the kinds of institutional arrangements, developed under the guidance of municipalities, that hold potential as vehicles for integrated development practice. These are the kinds of institutional arrangements through which employment/economic development and infrastructure needs can be met while encouraging local people to take ownership of their surroundings and lives. This is the principle that underlay the RDP's emphasis on community-based public works and development with democracy.

However, these approaches are unlikely to develop beyond the micro-scale unless the structures of the provincial and national economies are changed. The insistence by the national government on fiscal restraint and utilisation of markets for service provision and investment, as provided for in GEAR, limits the opportunities for active state investment in response to locally identified needs, locally negotiated plans and with a view to active crowding in of private sector investment. Although there are international structural economic constraints that impact on the scope for endogenous economic development in developing countries, there are also limited opportunities for the national government to adopt neo-Keynesian approaches while working with other African countries, both in the immediate Southern African Economic Community and beyond, to construct alternative approaches to economic development in which neoliberal policies are replaced with credible alternatives. Until these opportunities are exploited, the provincial and local spheres of government will be limited in their ability to engage in truly integrated and participatory planning. Even where participation is achieved and plans are integrated, the dynamics of resource mobilisation will remain piecemeal and top-down.

Restructuring and development of administrative arrangements in all three spheres of government are still underway. The problems associated with this process are particularly apparent in the Eastern Cape Province, in which the civil services of two former "independent homelands" had to be amalgamated with remnants of the former white provincial administration, and in which local government transformation is being undertaken in resource-poor conditions. The most recent call for assistance by the national government in improving the service delivery function of provincial line departments is testimony to the on-going difficulties. The administrative difficulties and limited project management experience at provincial and municipal levels are likely to remain as constraints to the application of financial resources, even if these are mobilised through more active public expenditure by provincial and national government departments.

The challenge to the state is an enormous one that requires multiple and integrated mobilisation of plans and resources. In current practice, top-down LED continues to be reproduced through the selection of projects that have already attracted some resources, and by developing larger projects that create new opportunities (and encouraging municipalities to take hold of them). At the same time, local municipalities are still left out of the planning loop and are involved after the fact. Municipalities are expected to identify local needs and plan an LED programme that

will serve as a mechanism for the deployment of a range of resources in meeting those needs. Yet, resource availability and deployment are defined elsewhere, leaving municipalities off-balance and guessing. Unless there is active investment in municipal planning, synchronisation of planning cycles that privileges local level planning, and integration of planning in support of local needs, integrated development planning at municipal level will be left with a disjuncture between formal participatory planning processes and their implementation, with the latter defined more in terms of resource availability rather than consensus positions reached at a local level.

South Africa's macroeconomic strategy, with its promotion of fiscal restraint and active eschewal of even a neo-Keynesian approach to state investment, leaves limited room for large-scale mobilisation of resources. The emphasis on market solutions also promotes the market-led approach to LED in terms of which an entrepreneurial search for market opportunities remains the only realistic option available to municipalities and in which competition for resources within and between municipalities becomes unavoidable.

Municipalities with poor rates bases are in a particularly invidious position in that they face the most severe developmental challenges while requiring the greatest financial support (coupled with difficulty in attracting skilled personnel). Principles such as "pro-poor", "gender mainstreaming" etc are added after the fact or applied most successfully in micro-projects facilitated by progressive NGOs. There appears to be a significant need for investment by the national and provincial spheres of government in planning at the local level, in support of an integrated approach to development, and an active deployment of resources to turn plans into reality and to crowd in private investment.

Although appeals can be made to the responsibility of capital to invest in the reconstruction of South Africa, experience shows that capital responds most actively where opportunity is created. Such opportunity has to be created in the former Bantustans by increased public expenditure, not in a disjointed manner, but integrated with IDPs and their LED components. Although the level of need in areas such as the former Transkei tempts one to insist that any development is better than none, the market-led approach to LED clearly holds the least advantages for the poor and might lock them in economic relationships where even their last remaining

resources (their cultural practices and natural environments) are commodified in a situation of deteriorating terms of trade.

The "local" is necessarily embedded in larger contexts, including provincial, national and international economic contexts. Local needs arise in these overlapping contexts and resources are deployed within the institutional frameworks created around government and capital. The national context is situated within an international context in which the options for developing countries have been limited. The local in the global context is seen most concretely in the active competition between urban areas to attract international capital by improving their "investability", but it is to be found in the rural areas of the third world also in terms of the effects of macroeconomic policy on employment levels and public expenditure and on the solutions adopted for social services. What is needed is active challenge and change to the institutional arrangements through which policy and planning are deployed, and an active approach to the construction of alternatives to continued marginalisation of developing countries, regions and localities.

In this regard, Mbashe serves as a useful example of both challenge and scope for opportunity and intervention. It supports the lessons distilled by authors such as Singh (1999) and provides useful insights for debates around the interlinking of national, provincial and local level planning, particularly in addressing the development challenges in the former Bantustans.

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